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# ***JPRS Report***

## **East Europe**

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# East Europe

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## BULGARIA

### Investigative Reporting on Legal Issues, Glasnost Discussed

22000064 Sofia OTECHESTVO in Bulgarian  
24 Jan 89 pp 28-29

[Article by Penka Toteva: "Protected Area"]

[Text] I have heard the representatives of legal organs state several times already that there will be glasnost about negative phenomena in the administration of justice, and that appropriate criticism of unfair and unlawful court decisions will be encouraged. But... I still do not dare believe that such democratic promises will become reality. Because (I will use the words of the poet Damyan Damyanov) the deceived only believe once... Let us hope I am mistaken this time!

I work as an attorney with legal collective group No. 11 in Sofia. I am not a professional journalist. I started writing about 10 years ago when I had a serious confrontation with injustice.

On June 5, 1985, I published a legal article titled "Unfit or Inconvenient" in the ANTENI newspaper. One of the workers, a driver, was fired as unfit for duty by the current director of "Malashevtsi," the Sofia automotive services establishment. He was one of the best, but he was proposing changes in work organization and salaries, and he even declined bonuses because he felt he did not deserve them... I defended him in court. I tried to explain that unfitness is an objective and inculpable quality of the individual and has nothing to do with disciplinary violations (if pointing out the management's weaknesses can be considered punishable behavior at all). The court confirmed the firing order without discussing my position. I then told the case story in the newspaper's pages. After the article was published, the Supreme Court, in order of jurisdiction, reversed the decision which confirmed the firing order and restored the driver to his previous position. Meanwhile, the court uncovered crimes committed by the director, for which he was tried conditionally in the Sofia rayon court and relieved of his duties. I was given, however, official warnings. One of them was given to me during an open party meeting of the Sofia Bar Association at the end of March, 1986. After my talk on not teaching people to circumvent the law, but cooperating with the court to find the truth, the Central Council chairman of the Bar Association accused me of unethical behavior saying I use the press to win my cases. I was not given a chance to respond. The other warning was given to me at a meeting of the Sofia Council of Lawyers in June of the same year: not to write about cases in which I have participated anymore, because I was partial, and was defending a position which I had not succeeded to defend in court. I asked: "May I write about other cases?" The answer was that I was well aware of my rights and responsibilities...

I obeyed, even though I still do not understand where I had erred. The case was closed and I had not pressured the court. The fact that after publication, the firing order was reversed by the higher court, shows that there was logic and justice in my defense. The final result, however, was not obvious, and for the colleagues who do not know me, I truly was "incorrect" and "unethical," i.e. the way the Central Council chairman described me at the above mentioned meeting. I continued to write, but only on grievances and requests by citizens whom I had not defended in court.

I published a critical article titled "Owners of New Homes and Owners of Many Homes" in ANTENI and an article titled "Who is the Blind Man in the Game?" in the OTECHESTVEN FRONT newspaper. In the first one, I told about a family from Pernik living there in public housing, who managed through the former Lenin and Blagoev rayon council to buy two apartments in Sofia without being classified as needy. They immediately gave the apartments to their seriously ill grandfather who died after a few months. He did not need housing, but could leave the apartments to the other heirs who are also not classified as needy and the choice of a buyer would not be theirs... I pointed out these well thought out schemes left "unnoticed" by the authorities.

The second article was dedicated to the owners of a 180 square meter apartment located in the center of Sofia. They lived in public housing and for their own apartment they were getting decontrolled rent equal to a good salary. I pointed out another family which for years was also receiving decontrolled rent illegally for their second apartment.

The Sofia people's council thanked the author and the editors of both publications for the criticism and declared that measures had been taken to eliminate the possibilities of other such schemes, while the guilty specialists were penalized. (Afterwards one of the penalized specialists became department head of the Sofia Committee for State and People's Control, but that is another story.) The district attorney's office initiated a lawsuit to annul the sale agreement of the apartments to the family from Pernik and confiscate them for the state. One of the apartments was confiscated (after 4 years!) when the court's decision became effective. Instead of placing citizens with proven housing need in it, however, the executive committee of the still active Blagoev rayon people's council exchanged it for the three room apartment of a lawyer. At first glance there was nothing illegal, but the council has hardly made the most fair decision, keeping in mind that up until the present time, the end of November, 1988, the lawyer has not yet moved to his new apartment, nor has he vacated his old one which is now owned by the "Triaditsa" obshtina.

The owners of the large apartment in the center of Sofia were ordered by the court to leave public housing, but unfortunately they have not complied with the order yet. Could it be possible that the lawsuit was filed only to tell the editor that measures have been taken?!

In reference to the third family, the lawsuit to confiscate illegal income from rent is still being continued and I am not sure whether the commission's proposal under Article 38 of the Law on Citizen's Property to the Sofia Committee for State and People's Control will be taken into consideration at all, having seen the owners' energy and ingenuity in defending themselves. On the other hand, the attorney general's main office, which defends state interests requested, I am not sure why, that the Supreme Court reverse the decision used once to initiate proceedings to confiscate illegal income from rent. I am surprised by the fact that up to the time the decision became effective, the attorney general's office fully supported the lawsuit initiated by them, and then only a few days later, without any new evidence, changed its position in favor of the owners!

In April, 1987, the OTECHSTVEN FRONT newspaper published my article titled "The Difference Between the Profiteer and the Good Master Craftsman." A family from Ruse was ordered by the court to return to the state payments received for piece work done at home in 1983 and 1984, because the work contracts were signed in violation of the law: workplace was not provided, the enterprise was located in another okrug, payment was made according to work done using calculations not approved in the proper order. I presented legal and social arguments that worker's income, received on the basis of a contract for work done in good faith, cannot be illegal and cannot be taken away to benefit the state simply because the administration had allowed some technical violations. After the publication came out, the Trade Unions Central Council requested the attorney general's office to reverse the court's decision. Afterwards, the General Assembly of the Supreme Court reversed the entire decision by which the husband and wife had been ordered by the court to pay almost 20,000 leva for "illegal" income. After the case was admitted to the Supreme Court, they asked me to be their defense attorney. I had no legal nor moral grounds to refuse, especially since I was familiar with the case in detail. I accepted to represent them, but I heard some of my lawyer colleagues say that I was still using the press to get clients... (At the end of 1986 the minister of internal affairs awarded me a citation for "brilliant journalistic work." I assume he had in mind the articles with which I defended the law and exposed citizens who benefit at society's expense.)

In 1987 the article titled "Court Error or Unforgivable Lack of Responsibility" came out in OTECHSTVEN FRONT. A 70 year old woman from the Kotlentsi village, Tolbuhin okrug had her broken down little house, left to her by her parents, taken away. One of her nephews had filed a suit requesting a part of the yard, not including the house, be divided, but the rayon judge ruled on the house as well, even though he had no right to deliver judgment on a petition not filed by the parties. The judge accepted that the house was property of the heirs of the old woman's brother and on this basis he excluded her from the property division. The judgment

was not appealed by the ailing woman. Her lawyer did not even attend some of the meetings. I noticed, however, that on the back of the ruling dated May 23, 1985, the court clerks had written an addendum, dated June 2, 1985, that the woman "refuses to sign" that she is aware of the judgment. Notices were sent to the other parties in the case on the same date, according to court regulation under Article 41 of the Civil Process Code. They did not send one only to the illiterate woman, because by coincidence, on that same date, she had gone to court and had "refused to sign." The woman denied categorically having gone to court at all, because she did not know whom to see. Two months later OTECHSTVEN FRONT published the rayon judge's "rebuttal" without showing me the text and without checking it out. The author had used half-truths, and had avoided commenting on facts which would denounce him. Thus, for example, he did not answer why he ruled on the ownership of the house, without a petition for property division, why he did not follow Article 41 of the Civil Process Code and did not send the woman notice of the judgment, nor inform her of her right to appeal it. Instead, he reproached me for having written an inexperienced and biased article...

Prompted by the two publications, two official points of view were received from the district attorney's main office. One of them stated that there is truth in my article, and the other that the court had no grounds to assume the house was property of the old woman's brother only, solely on the basis of the building permit and without presenting evidence of established right to build (surface right) in his favor. But the attorney general could not recommend to reverse the decision, because the one year deadline had passed. Thus, because of the court and defense, the woman was left out on the street. I do not know why the paper did not publish neither one of the attorney general's points of view, nor readers' responses. On the other hand, after an anonymous report to the Council of Lawyers, a disciplinary action was started against me in the paper. I had to explain why I had brought the case out in public, and to answer to accusations by the Tolbuhin judge... The action was discontinued after I sent the attorney general's letters to the editor.

In the summer of 1987, the editor of OTECHSTVEN FRONT offered me to become the paper's legal consultant. I accepted the contract and beginning 1 August 1987, I started to receive and listen to citizens' grievances for 2 hours twice a week, and to answer letters on legal issues. At times, it was necessary to check out the case in advance to get the facts straight. In the beginning of 1988, M. N. of Sofia came to my receiving office. She complained that her cotenants, a family of two, an elderly couple without children, had bought the three room apartment where she also lives, without her knowledge and consent, i.e. in violation of the law. (The case to annul the deed of sale is still in court.) I checked out the place together with a journalist who wanted to familiarize himself with the case. After we introduced ourselves,

I asked the buyers: why was the apartment listed as a two room apartment in the sale documents, while in previous accommodations orders it was listed as a three room one. Instead of answering me, they became nervous and started threatening me, and even called in two neighbors, one of whom introduced himself as a colonel of the Ministry of Internal Affairs, and the other stated he had worked previously in the same newspaper. The very next day, the helpful neighbor (the journalist), who was also a witness for the family in the case against them to vacate their cotenant's apartment, came to the editor's office. (Among other things, he emphasized his high social position.) I had to explain, to the editor no less(!), "who told me to conduct an investigation," and why was I bothering the people. I told them that the citizens are tired of getting empty answers and being sent from one place to another. And what's more: that I refuse to deal with the case as a journalist, but if the woman trusts me, I would defend her as her attorney, that way I will be protected by the law... The editor, nevertheless, felt that I had exceeded my authority and terminated my contract. Encouraged by their success, the buyers of the "two room" apartment became even more self-confident in discrediting me, this time to the Council of Lawyers and the Ministry of Justice. They said I had threatened them, insulted them, had been rude to them, and that my behavior was an embarrassment to the legal profession... To defend myself, I found it necessary to file a suit against them for insult and libel. Because of their correspondence to the Ministry of Justice, I had had to give oral and written explanations several times already. Thank God, things ended well. In court we were able to reach a settlement.

I forgave the N. family for the insults and libel, and they retracted their grievance against me to the Ministry and the Council of Lawyers, and apologized to me.

After the publication of my critical article titled "Housing Need on Paper" (OTECHSTVEN FRONT, January 1988) the Supreme Court personnel chairman started asking me ironically in front of colleagues and clients whether I was "a lawyer or a journalist." My clients were left with the impression that they had lost their case because of me... My personal cases get "misplaced" for months. Is this by chance?

At times I ask myself: maybe it really is unethical, after being hired by the minister of justice, to criticize officials of that ministry. But isn't our main goal to serve law and justice? To see injustice and not say anything, isn't it the same as perpetrating it? If I present false facts and deceive the readers, I am liable. If my legal and factual deductions are illogical, unfounded, and unconvincing, I myself will lose my reputation in front of the readers. Thus, it seems to me, the argument that journalistic commentary on court rulings undermines the court's authority, is unfounded. This can happen only if the author twists facts or uses half-truths. The bottom line is: no one is insured against errors, including the court, because it also is made up of living human beings.

I also ask myself: why is it that prosecutors and judges may comment on cases in which they have participated? Perhaps it is because they do not contradict the stand officially accepted by the court as lawful, and this way they "reinforce" the judicial bodies' authority. I, however, continue to think that injustice cannot be hidden, and it is precisely injustice which undermines the court's authority much more than dauntless truth. Justice should be a "protected area," not from glasnost, but by it!

*Editor's Note: Do our readers, especially those in the legal profession, share the author's conclusions? We are waiting for your replies.*

## CZECHOSLOVAKIA

**Positive Response to Ozone Layer Protection Plan**  
24000104 Prague RUDE PRAVO in Czech  
7 Mar 89 p 7

[Article by Zdenek Vilimek: "The CSSR Is Capable of Carrying Out the Montreal Agreement"]

[Text] The basic reports by scientists and speeches by the heads of the delegations of several participating countries continued on Monday in London at the international conference on the protection of the ozone layer. The head of the Czechoslovak delegation, Minister of Industry of the CSR Petr Hojer, informed the representatives of the 118 [final digit not clear in text] countries gathered there of Czechoslovakia's approach to this urgent problem.

He stated that the Czechoslovak government and the public are following the situation in the environment with great attention and that capital investment to get rid of undesirable effects will almost double in the near future in Czechoslovakia. At the same time the government is looking for a solution in cooperation with other countries as demonstrated by the appeal of its chairman Ladislav Adamec to our neighboring countries to discuss questions about the environment at a special meeting.

The consumption of harmful freons is not high in Czechoslovakia, minister Hojer stated further. It amounts to about half a kilogram per inhabitant annually. He also said that limiting the production and use of freons is mostly a negative factor in the management of both manufacturer and consumers. The interests of society as a whole must, however, prevail along with the necessary actions formulated in the conclusions of the conference on ozone in Montreal. The CSSR is basically capable of meeting the conditions of the Montreal agreement and a proposal to sign the agreement will be discussed by its government in the near future, announced the Czechoslovak representative.

The vice chairman of the Government of New Zealand, Geoffrey Palmer, pointed out the extraordinary urgency of protecting the ozone layer. New Zealand, which is

relatively close to the well-known hole in the ozone over Antarctica, is already feeling the dangerous consequences foreseen by all the scientists, including an increased occurrence of tumorous skin diseases, damage to agriculture, and damage to marine flora and fauna.

So far the sharpest disagreement which has shown up during the current discussions is the question of financial outlays necessary to replace the production and use of freons in the developing countries. The Australian Minister for Science, Barry Jones, asked whether the industrially developed countries can request the poor developing countries to make their already difficult economic and social situations even worse by taking on the great expense necessary to replace the production of freons. The director of the World Fund for the Protection of Nature, Tom Matthew from India, remarked in this connection that the Montreal agreement should include a clause obligating the world's largest manufacturers of freons to assist in resolving the problem of the poverty-stricken developing countries.

#### **Valek Talks About Himself, His Role in Writers' Union**

24000098 Prague HALO SOBOTA in Czech  
4 Mar 89 p 8

[Interview with National Artist Miroslav Valek, chairman of the Czechoslovak Writers' Union, by PRAVDA correspondent Juraj Halas and RUDE PRAVO correspondent Jan Lipavsky: "What Do You Say About That, Comrade Valek?"; date and place not given; first paragraph is HALO SOBOTA introduction]

[Text] At its meeting last Tuesday the Central Committee of the Czechoslovak Writers' Union elected the National Artist Miroslav Valek to head that organization. We requested an interview with him.

[HALO SOBOTA] Just a few months ago it seemed that you were leaving public life for good.

[Valek] Appearances can be deceiving. I cannot leave public life because I am a writer and anyway, a writer's work is public work.

[HALO SOBOTA] Nevertheless, some of our readers wrote us alleging that you had to resign as minister of culture because in November 1988 you had published an article in RUDE PRAVO in which we tackled various current problems, and that you have even been subjected to party punishment.

[Valek] So you can see what a wild imagination some people have. In fact, nothing of that sort happened; I simply left the office of the minister of culture in which I had served for 20 years. I fully endorse the recommendation of the 9th session of the CPCZ Central Committee that individuals who served in certain offices much too long should leave and make room for others. That

was my story, and as far as the alleged "party punishment" is concerned, that also is not true. Some people liked the article you mentioned, others disliked it. After all, that is quite usual. I do not write to curry anybody's favor. I am seeking the truth.

[HALO SOBOTA] What does this "search for truth" involve?

[Valek] As a rule, it concerns expressions of ideas that are not yet ripe enough for general adoption, but as it happens, in time people will begin to accept them after all. In our country there is usually—as it were—traditional resistance to what I call intellectual preignition.

[HALO SOBOTA] We do not understand what you mean.

[Valek] To make a long story short, sometimes a person is not understood if he tells the truth before other people are ready to accept it.

[HALO SOBOTA] Let us go back to the rumor about you personally. Where does it come from? Where do other rumors come from, such as the allegation that our state and party leaders are living in the lap of luxury and have big accounts deposited abroad. If you have such accounts, then why are you living in a 3-room apartment in a high-rise building?

[Valek] Such rumors are spread either as intentional mystification or because people still lack enough objective information about the true state of affairs in our country. If such issues were discussed and published as a matter of fact, then I would not have to answer your question at all.

[HALO SOBOTA] You say, if such issues were discussed and published as a matter of fact. So let us try to dispose of yet another rumor alleging that the representative of our government, particularly ministers, are collecting exorbitant salaries.

[Valek] Exorbitant? That depends on how you define that word. As far as I know, the average income in our republic is somewhere around Kcs 3,200. As a minister, my salary amounted to four times the average income. Sometimes directors of organizations under the authority of the ministries are paid even higher salaries.

[HALO SOBOTA] I think that our readers are very eager to get better acquainted with their representatives, and not only at meetings and conferences, on the television screen, and so on. They write us, for instance, that they felt immediately closer to Comrade Jakes when they read in RUDE PRAVO that some citizens had seen him waiting his turn at the ski lift in the Krkonose Mountains, or that Comrade Adamec enjoys playing tennis

here and there. However, some people may object that reports about the private life of persons in high offices somehow does not jibe with socialist journalism. Do you agree?

[Valek] Well, you know, that depends on how sensitively and subtly such a topic is approached; also, you can imagine that no one likes to have strangers intruding on one's privacy, but it is all right to say or write that even our fellow citizens in high offices have quite normal human qualities, perhaps also some hobbies, and even certain weaknesses. That way they seem closer and more understandable to our public.

[HALO SOBOTA] Well, then, tell us how do you spend your free time—of course, if you do not have to struggle with it...

[Valek] Are you asking me whether I have some hobbies? As a matter of fact, I have only one—literature; I do not have any other hobbies. I go several times a year to my garden to fulfill the duty to my family and to attend to some heavy chores that my wife cannot tackle all by herself, but that I do not regard as a hobby; I would say that it is tough enough for a horse.

[HALO SOBOTA] So you spend your free time in a creative pursuit—you write. When you finish your poem, who is its first critic—your wife or your daughter?

[Valek] My wife, no question about that, but she does not necessarily get to be its first reader.

[HALO SOBOTA] There is nothing like sarcasm, but I wonder whether your wife, who lectures at the Institute of Economics, can tolerate it?

[Valek] She has gotten used to it.

[HALO SOBOTA] One more question about your private life: When was the last time you took your wife to the theatre or cinema?

[Valek] Not so long ago we went to the theatre, but a cinema...Time is our enemy.

[HALO SOBOTA] Does your wife complain about it?

[Valek] She no longer does; she got used to that, too.

[HALO SOBOTA] Perhaps we should go back to your article published last November in RUDE PRAVO. In it you posited the following idea: in order to be able to change reality, we must know the facts; to know the facts, we must accept the risk of confrontation between reality and our conceptions. I realize that it was written in the context of the restructuring, but we believe that this idea applies just as much to the Writers' Union.

[Valek] To pretend that such risks do not exist, or to avoid them, that would mean to help multiply them.

[HALO SOBOTA] But how do you intend to deal with them?

[Valek] By conducting a dialogue and by bringing together various, often diverse and antagonistic attitudes and views, not only between the Union's leadership and its membership base, but also within the membership base—between individual groups and individuals.

[HALO SOBOTA] However, that may not avert the danger of conflict.

[Valek] It may not; after all, as a German author noted, life itself is life-threatening. As for confrontations, not every confrontation poses danger to society, nor should it be condemned. Confrontations set on the platform of reality are necessary, if we do not wish to succumb to self-deception. We cannot avoid conflicts. In the final analysis, the struggle of controversies is a precondition for progress.

[HALO SOBOTA] However, do you think that the membership base of the Union is not a political monolith?

[Valek] Certainly. Neither is our whole society monolithic, be it in the political or ideological sense. In other words, in our country there is room for Marxists and communists as well as for person of different political orientations—naturally, provided that they respect our constitutional system. For that reason, we must provide favorable conditions for the coexistence—I would say—of citizens of different stripes, so that they can find self-fulfillment as citizens of our socialist state.

[HALO SOBOTA] But obviously certain controversies exist also in the Writers' Union.

[Valek] Certainly, they are there, and they are not latent, but on the whole, quite palpable. I think that our writers have some very legitimate demands concerning the performance of their vocation, but they also have some legitimate objections against the demands on literature. Furthermore, there is the question of cooperation with our publishing houses and printing companies, which is already an old and chronic problem, not to mention the distribution of literature. After all, authors depend on the market, and the market in our country is what it is—well, not exactly large.

[HALO SOBOTA] We are talking here about the members of the Union, but what about the writers who are not its members?

[Valek] I think that this issue must be judged case by case. In Slovakia such instances are very few; if we do not count young authors who are just starting their career, I would say that this matter is essentially irrelevant. But the situation of Czech literature is somewhat different. A

number of authors are outside the Writers' Union, and in my opinion, there are no serious reasons that would prevent most of them from becoming members of the Union.

[HALO SOBOTA] Well, then, what in your view are realistic policies?

[Valek] Everything that reflects reality, and not some wishful thinking.

[HALO SOBOTA] Nevertheless, people see reality in different ways, depending in particular on how far they have penetrated, or how profoundly they can penetrate it for various reasons. History confirms that reality may be a thorn in the flesh of people whom the truth reproaches that they are concealing facts because of their personal or group interests.

[Valek] That may be true, and therefore, it is better to tell people even unpleasant truth and to persist in telling it, or persons whose political credo is not reflected in deeds are in danger of losing people's trust.

[HALO SOBOTA] Do you realize that some people, even members of the Union, may not like you because of your views?

[Valek] I am not here on an ego trip. I want realism, openness and a democratic exchange of views about everything that concerns the matters of life and work. I want the Czechoslovak Writers' Union to prosper and not to turn it into some kind of a stage show.

[HALO SOBOTA] What do you regard as a risk in the political and ideological sense of that work?

[Valek] Everything is under constant threat because nothing remains the same, except death.

[HALO SOBOTA] How does this statement of yours square with the recently so often quoted thesis about the ethical and political unity of the people?

[Valek] People's ethical and political unity is something other than an ideologically monolithic society. As a matter of fact, no monolithic unity of this type exists. However—and that, too, is a fact—by consistently fulfilling our social objectives we may forge the ethical and political unity of our people. In other words, if we want to do our work well, we must create the proper climate and objective preconditions for every citizen to live at peace with his conscience. However, his conscience should not be in conflict with the interests of our entire society.

[HALO SOBOTA] It should not, but it frequently is...

[Valek] Unfortunately, a symptom of the absence of conscience is political blackmail and even flirting with terrorism. Moreover, it represents a destructive and objectively wrong negation of all incontrovertible values existing in our country.

[HALO SOBOTA] What then would you want to achieve in your new office as the chairman of the Czechoslovak Writers' Union?

[Valek] I want to earn the trust and support of the members of the Union—of course, not once and for all, because I realize that once you gain it, you must constantly renew it with deeds.

[HALO SOBOTA] Thank you for the interview.

## GERMAN DEMOCRATIC REPUBLIC

**Warsaw Pact Disarmament Statement Discussed**  
*23000151b East Berlin EINHEIT in German*  
*Vol 44 No 3, Mar 89 (signed to press*  
*9 Feb 89) pp 195-199*

[Article by Col Gen Horst Bruenner, member of the SED [Socialist Unity Party of Germany (GDR)] CC [Central Committee], deputy minister of national defense, head of the NVA [National People's Army] main administration for politics: "Allowing No Pause in the Disarmament Process"]

[Text] The statement from the Warsaw Pact states' defense ministers committee, of 30 January 1989, on the military power ratio on our continent and the contingent sea areas in the conventional field, has overwhelmingly caused agreement and satisfaction worldwide. The publication of the document has, fairly unanimously, been hailed as a positive step, apt to fertilize an objective debate on the numerical strength of the armed forces and conventional arms of the Warsaw Pact and of NATO between the Urals and the Atlantic. Thus it contributes to a constructive atmosphere for the Vienna negotiations on conventional armed forces in Europe within the scope of the CSCE process. Noted NATO states politicians and military have declared themselves willing to check the new socialist initiative thoroughly. As one could not expect otherwise, however, the shrill sounds of those cannot be ignored who suspect in any initiative for securing peace another risk to their plans of cranking up new rounds of an arms buildup. For example, U.S. General John Galvin, NATO supreme commander for Europe, announced on the very day that the document came off the press: "I absolutely do not agree that an approximate equilibrium supposedly already exists in conventional armed forces."<sup>1</sup>

What causes such dissonances, the openly shown distrust, the defamation of the statement as propaganda, as an attempt to soften NATO up, its derogation as a battle

for public opinion? Could NATO not have stolen the show from the Warsaw Pact, to pick up the jargon of some of the Western media?

All it had to do was respond in time to the March 1988 proposal on a bilateral joint data exchange. In June last year the Political Consultative Committee of the Warsaw Pact reiterated the offer mutually to exchange appropriate initial data within the scope of the CSCE process, possibly before the start of the Vienna negotiations beginning then, to have them checked on the spot, and thus to ascertain the military power ratio and imbalances and asymmetries in the armed forces and conventional arms—on both sides, *nota bene*.

Further initiatives from our side have not been lacking, and the well known call from Gen Heinz Kessler, GDR minister of national defense, for putting the "cards on the table" smartly and pithily expresses the need for revealing the military potentials.

In spiting all the clamor by Western disarmament opponents, hence, nothing happened but what was inevitable in view of NATO's destructive stance on behalf of an uninterrupted continuation of the disarmament process: the negotiations of the 23 Warsaw Pact and NATO states in Vienna were no doubt served well before things had even gotten started through an unalloyed presentation of the military power ratio in conventional armed forces.

Meanwhile the favorable effect of the document as a basis for a businesslike discussion has been confirmed. Essentially it is due to the fact that already the preparation and publication of the data—quite apart from how serious and reliable they are—constitutes a measure within the scope of socialism's comprehensive peace strategy. It underscores how seriously we implement what is demanded today by all, also by NATO, "not to remain stuck in the cliches of confrontation and the search for military superiority, but to approach things in a new way, to find new forms and methods in the relations between the different social systems, states, and regions."<sup>2</sup> In this way, through the resolute struggle of the Warsaw Pact states and of all peace forces, a turn was initiated from confrontation to detente. But we do not want and must not let this process come to a standstill.

A nuclear-weapons-free world and a peaceful space are our declared goal. Our goal is a Europe from the Atlantic to the Urals in which armed forces and conventional arms are greatly reduced and, through their clearly defensive character, ensure that neither side "has any means for a surprise attack on the opposite side and for aggressive operations altogether."<sup>3</sup>

Looking at things realistically, we know that this calls for not a few partial steps. Thus the document on the military balance of forces fits in seamlessly with the Warsaw Pact states' many propositions and measures. It relies on what has already been achieved and carries on

socialism's peace offensives. The biggest success thus far undoubtedly is the INF Treaty, through the implementation of which a whole category of nuclear weapons is liquidated.

Now on the agenda are the cutting in half of the strategic nuclear weapons stockpiles of the Soviet Union and the United States, the worldwide ban on the production, storage, and use of chemical weapons, and the gradual cessation of nuclear tests for war purposes. The socialist states, backed by peace forces all over the world, keep struggling for more confidence building measures. The idea of regional nuclear weapons-free and chemical weapons-free zones is more topical than ever. The GDR is getting more international backing in its efforts at creating a nuclear weapons-free corridor in Central Europe, at expanding confidence building measures and, altogether, at stabilizing the situation in the heart of Europe. The socialist states' concrete activities, their result-oriented dialogue policy, and their successful work on the diplomatic floor are gaining greater weight still through the announcement of perceptible unilateral cut-backs in armed forces, armaments, and military expenditures, not depending on the Vienna negotiations, by the Soviet Union, the GDR, and the other fraternally allied Warsaw Pact states. Consider that diminishing the military stockpiles is inseparable from far-reaching steps at restructuring in the course of which the defensive character of the armies in our political and military alliance will clearly provide still more prominence for our socialist military doctrine.

As any step for peace, revealing the conventional armed forces of the Warsaw Pact and NATO also has an independent and specific importance. It is not by chance that these weapons, beside the nuclear weapons, are becoming more and more focused on. They embody a destructive potential constantly approaching that of nuclear weapons, incomparable to weapons systems deployed in previous wars. Surveys indicate that this destructive capacity is already ten to twenty times of what it was in World War II and keeps rising. Even a war conducted with conventional arms would nearly annihilate everything in Europe. It is as little suitable as means of politics as nuclear war is.

Furthermore, one must stress the idea that NATO strategy directly relies on the potential of the conventional armed forces. "Deterrence" and "forward defense" are conceivable at the current state of military technology, there being far-reaching conventional precision weapons, also without nuclear medium-range and battlefield weapons. Even halving the strategic nuclear weapons will not necessarily lead to changes in military strategy. But together with a significantly reduced stockpile in conventional arms exclusively defensive in nature, the ground would be pulled from under the currently envisaged forward strategy of the NATO military doctrine. That must undoubtedly be one of the reasons causing the most aggressive forces in the NATO camp to oppose advances in conventional disarmament with all their strength.

Negotiations on conventional armed forces in Europe, as welcomed and encouraged by the international public, and starting in Vienna against all resistance, hence are as much a demand of the time as are the negotiations on reducing strategic potentials and liquidating nuclear weapons with a range of below 500 kilometers. First and foremost they need jointly accepted initial magnitudes. The armed forces balance officially approved by the governments of the Warsaw Pact states ought to make it easier to find these initial data through a businesslike discussion.

This balance is a barrier against NATO's manipulating figures on weapons systems of both alliances, a method used thus far at will to block substantial advances toward an agreement. For decades wrong figures on arms categories, deliberately torn out of context, served to induce the U.S. Congress to allocate more billions for armaments through a purportedly horrifying military superiority of the Soviet Union. Time and again they would resort to the myth of the threat from the East. We do recall NATO's so-called missile gap, the suddenly discovered "window of vulnerability," through which the deployment of Pershing II and the cruise missiles was enforced in Western Europe and enormous U.S. arms programs, down to the SDI, were developed and cranked up.

The announcement from the Warsaw Pact defense ministers committee explains and demonstrates in detail the total current approximate parity of the Warsaw Pact and NATO armed forces in Europe and the contingent maritime regions and of all armed forces and conventional weapons systems that can affect Europe. This approach reflects the experiences of years of negotiations between the USSR and the United States and between the Warsaw Pact and NATO and also within the scope of the CSCE process, which clearly indicate that the customary tit for tat manner promises no success for future negotiations.

Of course, it is a matter of concrete figures—but not single ones, torn out of context, but rather of the totality of all components and factors determining the military power ratio on our continent. Their interconnection and interdependence is what it is all about. It is the announcement's great importance that it meets this high requirement. It leads to an absurdity the long publicly launched NATO objective to the effect that asymmetrical reductions of ground forces—discounting any other weapons systems that might affect Europe—are to be made exclusively by the Warsaw Pact.

The real power balance demonstrates the emptiness of the NATO thesis that only the Warsaw Pact states had an "offensive capability and the capability for surprise attack." The Bundeswehr alone with its army structure—six tank divisions and one paratroop division, i.e. 60 percent of its strength—is clearly attack-oriented. Its spearhead, aimed against the socialist states, includes 4,900 of its tanks, 2,00 of them the most modern

Leopard II. Also the air force concentration on 80 percent of assault weapons clearly informs us of what Bonn's image of warfare looks like and of the potentials the Bundeswehr already commands.

The announcement from the Warsaw Pact's foreign ministers committee unmasks NATO's argument that its superior naval forces should be omitted from the strength assessment because the United States, being a maritime power, were naturally entitled to them, as a trap. Logically the USSR and its allies, being continental powers, should then be granted superiority in ground forces. NATO however—as DIE WELT reported—had mainly focused its negotiation planning on the "superiority of the Warsaw Pact in combat tanks, motorized combat vehicles of infantry and artillery." This should therefore receive "the major attention in the future Vienna disarmament negotiations,"<sup>4</sup> Andreas von Buelow, SPD [Social Democratic Party of Germany (FRG)] Bundestag security expert, announced about that the West was seeking to enforce a concept that would confine the east to the field in which it is superior, but it were illusory to assume such a negotiation framework could lead to success.

We keep things clearly apart and know the mandate for the Vienna negotiations does not include the naval forces. Yet in computing the military power ratio, they cannot be ignored as real military potential. Everyone knows—the military more than others—that aggressive operations depend on the concerted actions of all parts of the armed forces, types of weapons, and services. The naval forces then, with their arms, their aircraft and helicopters, do not play a mean role in the European region. So they must be taken into account, especially in view of the mandate for the Vienna negotiations because one aim of the negotiations there is, among other things, explicitly announced as "eliminating the capability to start surprise attacks and initiate large-scale offensive operations."<sup>5</sup>

The published figures on the conventional military strength ultimately prove irrefutably asymmetries on both sides that are to be reduced according to the principle that he who has more will reduce.

The reactions from the international public indicate the peoples have understood the signs of the time set by the announcement. The document is widely rated as a proof for the socialist states' sincerity. That goes hand in hand with the population in the West losing its "sense of being threatened," particularly since "the East," as the noted SPD politician Egon Bahr ironically remarked in Munich, now "threatened" to take away entirely this "sense of being threatened."

NATO's practical military stance, determined by those oppositional forces who do not care for the whole business altogether, still looks very different, to be sure. U.S. Secretary of Defense J. Tower [as published] makes no secret of his rejection of general disarmament. He

thinks NATO has a trump card in its resolve to modernize its conventional and nuclear armed forces. FRG Defense Minister R. Scholz [as published] demands that NATO abide by the concept of "nuclear deterrence" and the "strategy of flexible reaction," and regardless of what the overwhelming majority of the FRG population wants, calls for maintaining the U.S. capability for "nuclear escalation."

All that is resolved NATO policy. It is getting more and more under pressure, though, from massive protests and global demands finally to react constructively to the Warsaw Pact states' propositions and leads. In spite of that and in spite of differences of opinions about the timeframe and scope of nuclear weapons modernizations and restructuring decisions, NATO staffs are agreed they want to misuse the new international conditions, instead of improving East-West relations, for consistently enforcing their own goals in opposition to socialism whereby they will also continue to take the risk of chancing military strength.

Seeing the world as it is thus means not ignoring the threat against peace and most vigilantly watching the incessant efforts through which the most aggressive imperialist forces still seek to wipe socialism from the face of the earth. To us that means consolidating the efforts to create a firm European peace order while we clearly recognize that the existing approximate parity in the military potentials of NATO and the Warsaw Pact is highly fragile. The planned new rounds for "modernizing" or "upgrading" NATO weapons, being nothing but rearmament measures, would systematically undermine this equilibrium.

The time has come for the authoritative forces of the imperialist military alliance to change a course that is so out of season. Thus far the socialist states alone have removed many obstacles from the road of peace. Now it is up to NATO. The peoples are waiting for its response and its measurable contribution to safeguarding peace. The Vienna negotiations are opening new opportunities for it far-reaching in range. Against those who still want to roll socialism back, an appropriate defense level in the socialist armed forces is needed yet, however, as affirmed by Gen Heinz Kessler, the minister of national defense. Not the slightest chance must be granted those forces.

The degree of our defense efforts does not depend on our wishes but on the degree of the potential threat. In conformity with these conditions and our republic's possibilities, and with our alliance obligations, we shall ensure the protection of the socialist order and the peaceful life of our citizens, in concert with the Soviet Union and the other fraternal countries.

This the communists in our armed forces, closely linked with all army members and civilian employees, guarantee with word and deed. They are making an important

contribution to the continued all-round strengthening of our socialist state in getting set for the 40th anniversary of the GDR while approaching the 12th SED Congress.

#### Footnotes

1. DIE WELT, Bonn, 31 January 1989, p 1.
2. Comrade Erich Honecker, "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den XI. Parteitag der SED" [SED Central Committee Report to the 11th SED Congress], Dietz Verlag, East Berlin, 1986, p 10.
3. "On the Military Doctrine of the Warsaw Pact States," EINHEIT, No 7, 1987, p 588.
4. DIE WELT, Bonn, 31 January 1989, p 1.
5. NEUES DEUTSCHLAND, 21-22 January 1989, p 5.

#### HUNGARY

##### Political Scientist Discusses Pluralism in Slovene Weekly

28000082 Ljubljana TELEX in Slovene  
16 Feb 89 pp 18-21

[Interview with political scientist Gyorgy Markus by Andrej Novak: "Socialism Is Not Just Goulash, but Also Democracy"; date and place not given]

[Text] "I am convinced that the roots of all our difficulties lie in the fact that the original model of socialism was not only inhuman, but also irrational," states Dr Gyorgy Markus, a political scientist from the Sociological Institute of the Hungarian party's Central Committee. "Actually I do not even know whether you can write that it belongs to the Central Committee, since perhaps we will split off," said our interlocutor, who stopped in Ljubljana on his way from Budapest to Trieste, where he was participating in a symposium on reforms in socialist countries. Gyorgy Markus is still a member of the Hungarian Socialist Workers' Party, and consequently a communist, but at the same time a member of the Social Democratic Party; he thus typically symbolizes the transitional nature of the current situation in political developments in Hungary.

[TELEX] Could you briefly describe the political process that has been taking place in Hungary for several years now?

[Markus] If we are speaking of several years, then we must draw a very clear distinction between two periods. The early 1980's were characterized by an attempt at reform, which failed, since the Kadar leadership opted for stability instead of risking and launching structural changes. At the 1984 party congress, Kadar succeeded in having a plan adopted for accelerating economic development without taking up the structural problems. At

that time we were already heavily in debt, and in two or three years our debt doubled. This was, of course, precisely because a voluntaristic decision on accelerating development was adopted without achieving the appropriate conditions for something like that and without coming to grips with the new reality and new structures.

[TELEX] Was it the same thing that was usually called "goulash communism"?

[Markus] No, that was already the end of the goulash communism that characterized the 1970's. At that time we were the only state in the Soviet sphere—I am not including Yugoslavia here, of course—that was introducing any sort of reforms. Those reforms, to be sure, were very contradictory and limited in scope, and too much significance was ascribed to them in the West, precisely at the time when the antireform movement and stagnation were beginning in our country. On the basis of our political reputation at that time, we obtained credits, and used them partly for consumption, and partly to maintain the old structures. When it became clear that the voluntaristic attempt at acceleration had failed—this was sometime in 1986-87—the party became increasingly more disillusioned, and the general public even more so. A sort of rebellion by the party membership broke out, which finally led to the party conference last May.

[TELEX] In essence, then, the present changes were launched by the party rank and file—but was there also pressure from the general public?

[Markus] A coalition emerged which consisted of the reformist party members and public opinion, primarily intellectuals—which is a quite common alliance here in central Europe.

[TELEX] Which, in your opinion, are the fundamental changes that have happened so far?

[Markus] The fundamental change lies in the fact that a decision was made to introduce a multiparty system, which was very hard for some traditionalist politicians to swallow. The principle of pluralism within the party was also adopted; this, of course, is not going so far as to permit factions, but a pluralism of programs and tendencies has certainly been permitted. A pluralist system is actually already here; we already have parties and opposition parties now, and there is serious discussion of the possibility of a coalition government or the possibility of new elections.

[TELEX] A new law on elections has not been passed, however.

[Markus] Neither the law on elections nor the law on parties has been passed yet. Of course, we have the law on political association, which also deals with the establishment of parties, but their registration is dependent upon the new law, which parliament should pass by 1

August at the latest. Nevertheless, we already have opposition parties, called movements, which actually act as parties; two legal parties are already functioning, however, namely the Smallholders' Party and the Socialist Party.

How would one assess, using the traditional political vocabulary, the most important groups or trends that are now active on the Hungarian political scene—either within the party or outside it?

I would start with those outside the party, although I must say that it is not so easy to use the common political vocabulary, since one must also resort to a specific Hungarian expression here. Certainly, something similar has already existed in this part of the world, and certain trends, with all their contradictory values, already existed before World War II and have now appeared again in the new situation. I am not thinking here of the traditional divergence between left and right, which is the most important one, but of the so-called humanist movements, or those rooted in humanism, and of the urban, cosmopolitan, and Western-oriented movements. Those Western-oriented people could also be called right-wingers, but that does not hold true, since, for example, there are also social democrats and social liberals among them.

One of the strongest and largest humanist movements is now the Hungarian Democratic Forum.

It has around 10,000 members, who say that they do not consider themselves a traditional political party, although I think that they want to become an integral part of the authorities. The chief problems for it are the so-called problems of the fate of the Hungarian people, the problem of the Hungarian ethnic group in Romania, the discouraging demographic situation in Hungary, and so forth—in short, they are rooted more in the problems of national identity, in the people, and in people.

[TELEX] Would you call them nationalists?

[Markus] Yes—in private. That does not mean, of course, that nationalism per se is something bad. Perhaps I would rather call them populists, a national movement in the sense of patriotism.

[TELEX] We are seeing that sort of movement now everywhere in central Europe, from Poland to Yugoslavia. Is this the future, however? Is it the party that can lead Hungary in a new direction?

[Markus] I do not believe so. I have already mentioned the distinction between urban and humanist movements. I associate myself with the "urban" policy. I value those people in the Democratic Forum, I am prepared to cooperate with them, and there are good friends and

capable people among them, but nevertheless, in my opinion, our principal problem now is becoming part of Europe again, not in the strategic sense, but in the cultural and civilized sense.

[TELEX] And also in the economic sense...

[Markus] Yes, in the economic sense, and also from the standpoint of political culture. This consequently has to do with such things as human rights, parliamentarism, a multiparty system, etc. That is also acknowledged by the Democratic Forum, of course, although they have a different order of priorities. For them, Hungary is in first place, and only then comes democratization, whereas for us "urbanists" it is exactly the reverse.

[TELEX] We have actually made a great distinction already between the party and the outside world, but you are speaking from within the party. Are the members of the urban movements, then, within the party as well as outside it?

[Markus] Yes. You will also find party members in the Democratic Forum and likewise in some urban political organizations. That is understandable, of course, since as long as we have a 1-party system, the party is actually not a party, but rather an apparatus of the authorities. That is why both party members and nonparty members are now perceiving the same problems.

Among the urban movements, I should mention first of all the coalition that is called the Alliance of Free Democrats. It is the oldest opposition group in Hungary, formerly a marginal group of intellectuals that was the only one to respond to Czechoslovakia's Charter-77, and issued popular samizdat publications in the 1980's. It is a group of extremely intelligent sociologists, philosophers, etc., who have now established that coalition on the basis of social democratic ideas and partly social-liberal ones as well; it already has more than 2,000 members.

I think that we can also include among the urban groups the social democratic party, which began to be active as a group of the old, former members of that party who had survived the purges. Also active is the social democratic youth organization, of which I am also a member, although I am no longer so young; at the same time, however, I am still also a member of the communist party. That also shows what is happening in Hungary. I do not know how long that will last, but now such a dual membership is still possible. In my opinion, new prospects are now arising for the social democratic party. It even seems that Mihaly Bihari, one of the intellectuals from the so-called Gang of Four, wants to join that party. Those are four rational people who were expelled from the party before the conference last May, but who are now the most popular figures on the Hungarian political scene. Bihari is a political science professor, and a very well-liked and charismatic personality.

[TELEX] He is now close to the social democrats, then?

[Markus] It seems that he is, although the reasons for which he was expelled from the party were later refuted and he appealed about them. He will now be faced with the dilemma of whether he should be active within a reformed communist party with a social democratic program, or within the social democratic party itself.

[TELEX] What are the other three doing?

[Markus] Zoltan Biro is the leader of the Democratic Forum. Laszlo Lengyel is one of the leading economists, and the fourth member of that "gang" is Zoltan Kiraly, a deputy in parliament. Those two will perhaps also assume a role in the Democratic Alternative, although that is still open. At any rate, the expulsion of those four has been a painful self-deprivation for the party.

[TELEX] Is it possible to say that a majority within the party now supports political pluralism? Are there still strong groups resisting this?

[Markus] The party is so highly polarized that it may find itself on the brink of a schism. One of the dividing lines is pluralism, which of course no one in the leadership wants to oppose openly now. Even Karoly Grosz and Berecz, who were very cautious for a long time and resisted, saying that they were in favor of pluralism but within a 1-party system, are now saying that the law actually allows several parties even though we will not give any encouragement to that. It is now quite simply no longer possible to push pluralism aside. Now, however, the main dividing line has become the assessment of the historical significance of the events of October and November 1956.

[TELEX] What are the positions of the traditionalist part of the party?

[Markus] There are also two groups among the traditionalists. On one hand, there is a hard core of old veterans. Now not only the social democrats, "taborniki", Christian youth, and so forth have their own organizations; the orthodox communists, associated in the Ferenc Munch societies, also have them. They are dangerous, because they have close relations with the so-called Workers' Militia. Their arguments are perhaps weak, but on the other hand they have access to weapons.

[TELEX] What about the army?

[Markus] The army is loyal to the state and to the leadership; it serves the leadership. In my opinion, it will not originate any initiatives itself, or the police either. To be sure, there have already been clashes with the police during the demonstrations, but that also happens in the most civilized states.

[TELEX] What is the other type of party traditionalist?

[Markus] They want to preserve the old monopolistic system of power, although with less ideology and with the introduction of modernization in the economic area, with the introduction of the market. Personally, I am afraid that both groups of conservatives will be able to establish ties with each other, which could change Hungary into a sort of South Korea, with economic modernization but with a firm hand in politics.

[TELEX] That is essentially perestroika, which Gorbachev wants to implement in the Soviet Union.

[Markus] Yes, that is all right for Russia, because there is a different type of political culture there, but you cannot introduce that in the heart of Europe.

[TELEX] Can we say that now the true choice is between the current type of communist rule, which will be continued in one form or another, and political pluralism?

[Markus] There may also be an explosion, since the masses are more and more dissatisfied because of the declining standard of living. I am afraid that we are also entering upon the Yugoslav path of inflation. It is not like that yet, but inflation, unemployment, etc., may occur. Another source of dissatisfaction is the position of the Hungarian minority in Romania. There is a very dangerous mixture of feelings, which may lead to all sorts of things, and also to an explosion.

[TELEX] In general, how do you view the situation in Yugoslavia from Budapest?

[Markus] At one time you were a model, an example. Now it has been clearly demonstrated that it is not possible to introduce a modernized market economy as long as you have a monopolistic political system and a more or less orthodox ideology. That is a lesson that also supports our reform plans. Another lesson from the Yugoslav experience is that it is not possible to rely for a long time upon only one charismatic figure. Integrating elements are necessary, of course, but they have to arise from an objective, democratic analysis and synthesis of national interests. Perhaps you in Yugoslavia also gave in to exaggerated illusions in connection with self-management. Self-management at the enterprise level cannot replace political pluralism.

[TELEX] Perhaps the current Polish prescription is applicable to Hungary, i.e., a large round table of representatives of the authorities and the opposition, who discuss reforms and their implementation.

[Markus] That would also be possible in Hungary, but the principal opposition or alternative movements are demanding that the authorities take some specific step, and make some specific gesture, and not just display readiness for a dialogue. It is very easy to say, "We have gone astray, so come now and we will save Hungary together." The authorities have to demonstrate that they are taking all these problems seriously. Let us take the

issue of the dam on the Danube, for example. We are in a very weak economic position, but some gigantic, prestigious investments are still being continued, while there is still no clear position with respect to structural changes in some large factories.

[TELEX] Let us dwell on the economy a little. The recently passed law on economic association, which is essentially a law on enterprises, introduces really tangible changes in the Hungarian economic system, in much the same way as the new Yugoslav law on enterprises. Are the other elements of the system, social welfare, the tax system, the banks, and finance, also adapted to the new requirements?

[Markus] There are still problems there. Within the framework of the economic reform, they have introduced a very progressive tax system, and abolished many state subsidies. Of course, there are still no reforms in the areas of wages, social policy, the budget, etc. We have taken a step forward with respect to the banks.

I am not convinced that Hungary can solve its main economic problems through its own resources; it could solve them only with the assistance of foreign capital. Then we come back again to politics, since the advocates of a firm hand in the party also differ from the reformists in opposing political reforms, with the justification that there will not be any foreign capital if the political situation is unstable. Many others, including myself, think that the only real guarantee for foreign capital can be true political pluralism. Perhaps we will experience a tumultuous period of transition, but nevertheless only a pluralistic system can guarantee that the attitude toward foreign capital will not change overnight again and that everything will not be nationalized again.

[TELEX] What about legal guarantees? Are the regulations attractive enough to foreign investors?

[Markus] In my opinion they are, but of course there are still many bureaucratic obstacles. We have legal guarantees, but certainly there are no political guarantees and no generally favorable climate that could attract capital.

[TELEX] The new law on economic association talks about shares, enterprises with limited or unlimited partnership, and securities, and today we are also talking calmly about the acquisition of income on the basis of capital, and not only on the basis of work—which was blasphemous just a few years ago. What, then, has changed?

[Markus] In my opinion, this is not just a question of political reforms, but also of a new way of thinking about socialism and capitalism. We cannot be satisfied with going back to the source, as some say, so that everything would be all right. If we look at Lenin, we will determine that certain things of his, especially the NEP [New Economic Policy] are good, whereas the Bolshevik type of party does not suit our society. The positions of Marx

and Engels also contain numerous utopian elements. The withering away of the market and the withering away of the state represent a utopia that cannot be realized. If you have a market, you also have capital. The distinction between socialism and capitalism is therefore becoming more relative.

[TELEX] Essentially, the present model of socialism has failed.

[Markus] I am convinced that the roots of all our difficulties lie in the fact that the original model of socialism was not only inhuman, but also irrational.

[TELEX] Are you thinking of the Soviet model, or Marx's initial one?

[Markus] The Soviet model has been a tragedy for Hungary, since that model already recapitulated some utopian elements. Marx's utopia and Stalin's dictatorship resulted in an extremely dangerous mixture, spiced with Lenin's vanguard idea.

[TELEX] The Soviet model, then, in essence had several features that we find in the theories of Asian despotism, those of Wittfogel and others?

[Markus] I think that a sort of practical socialism already exists. Soviet socialism is a sort of Asian despotism, although not the extreme kind that we have seen in Kampuchea.

[TELEX] The entire ideological system of communism will therefore have to be rethought again. Not enough is happening in that area, however. Do you also have the feeling that real life is now developing much faster than theoretical thought?

[Markus] Yes, I think that we have to do what life demands of us. The demands of real life and fundamental values are more important than ideology. Perhaps we have stumbled a little in ideology, but we must not lose the fundamental values of democratic socialism, such as freedom, equality, and solidarity. We must not view this as an ideological or closed system, but only as guidelines for action, which can be based on different theories. Absolute truth should not guide us.

[TELEX] In your discussion at the last conference on socialism in Cavtat, you said, among other things, that there cannot be socialism without democracy and there cannot be democracy without socialism.

[Markus] I was quoting from the Frankfurt Declaration of the Socialist International.

[TELEX] Do you think that it still holds true?

[Markus] In my opinion, it should be the fundamental point of convergence between radical anti-Stalinist reform communism and social democracy. I therefore believe in the possibility of convergence, although at this time it is a matter of a one-sided rapprochement.

[TELEX] You have uttered another word that was blasphemous at one time, namely convergence. Is a single social democratic system emerging in Europe?

[Markus] I hope so.

[TELEX] What should be preserved from our socialist experience to date?

[Markus] In the 1940's and 1950's we shook up society with gigantic efforts, and created opportunities for the vertical mobility of poor people. We achieved some very positive results in education and culture. It is necessary to preserve what we achieved during the real breakthrough periods.

[TELEX] Romania is living proof that today socialism can also be something completely different, the opposite of what you are striving for in Hungary. How, then, can one ensure that reforms in socialism would be irrevocable?

[Markus] I think that nothing can ensure that. The future is completely open, and anything can happen. Romania can serve as a warning of what the consequences of a purely totalitarian system are like. A sort of fascist communism has been imposed there.

[TELEX] You speak of convergence—but aren't the social democrats in the West and those in the East moving at different levels today? In the West, they are trying to adjust to postindustrial society, but in the East, in a certain sense, they are repeating part of the history that the western social democrats have already put behind them.

[Markus] We can still learn from their experiences. One of the lessons is naturally that it is necessary to respect individual liberties and that it is necessary to base economic development on a market economy. If a strong social democracy is developed in the socialist countries, organized in social democratic parties or within the framework of greatly reformed communist parties, that will also be able to support social democracy in the West. One of the reasons for their crisis, in fact, is also that the socialist experiment in our countries has failed. We consequently also have problems in common.

[TELEX] The Soviet Union is still casting a shadow over all this. At the beginning of the Gorbachev period, many people said that Gorbachev was permitting reforms in Hungary because he wanted to see how the political and economic changes turned out in a small laboratory, so that they could afterwards be introduced in the Soviet Union as well. Do you think that it is still true?

[Markus] In my opinion, it is, but there are also differences within the Soviet leadership. Nevertheless, I think that social democracy in Hungary will become a joint platform, acceptable to both East and West. That program can become a language of compromise among the reformist communist forces, the liberals, and patriotic forces. Although I fear for the future of Hungary, on the other hand I am convinced of the real value that the social democratic model could have in our country.

## POLAND

### Party Activities Calendar 27 February-12 March 1989

26000428 Warsaw ZYCIE PARTII in Polish

No 6, 22 Mar 89 p 21

[Report: "Party Chronicle: 27 February-12 March 1989"]

[Text]

#### Sessions of the Central Committee Politburo

**28 February.** The Politburo, at a joint session with the Government Presidium, evaluated the country's sociopolitical situation. The course so far of roundtable talks was discussed. The accomplishments of the voivodship PZPR reports conferences convened so far were considered.

**7 March.** The Politburo deliberated in the presence of first secretaries of voivodship party committees and Central Committee department directors and commission secretaries. The course of roundtable talks and the status of the work on the laws governing elections to the Sejm were considered. The Politburo examined reports on the course of the reports campaign within the party and considered ways of implementing the decisions of the Tenth Central Committee Plenum concerning the elimination of the consequences of Stalinism.

Briefing and Consultation Meeting of the Central PZPR Leadership and First Secretaries of Voivodship PZPR Committees:

**6 March.** A briefing and consultation meeting of the members of the central party authorities attended by first secretaries of voivodship party committees was held. It discussed the country's sociopolitical situation, the course of the reports campaign within the party, the preparations for the Second National Conference of Delegates, and the current status of the work of the roundtable.

#### Session of the Central PZPR, ZSL, and SD Cooperation Commission

**10 March.** At the headquarters of the ZSL [United Peasant Party] Supreme Committee was held a meeting of the leaders of the allied parties [PZPR, ZSL and SD

(Democratic Party)], Wojciech Jaruzelski, Roman Malinowski, and Tadeusz W. Mlynczak, which was followed by a session of the Central PZPR, ZSL, and SD Cooperation Commission attended by representatives of the Catholic and lay Christian movements—the PAX, the UChS [Christian Social Association], the PZKS [Polish Catholic Social Union]. The PZPR was represented at the session by Wojciech Jaruzelski, Kazimierz Barcikowski, Stanislaw Ciosek, Jozef Czyrek, and Boguslaw Kolodziejczak.

The country's political, social, and economic situation and problems relating to the coming parliamentary elections were discussed.

#### Conferences and Meetings

**1 March.** First Central Committee Secretary Wojciech Jaruzelski received Presidium Member and Secretary of the Czechoslovak CP Central Committee Jozef Lenart during the latter's sojourn in Poland. The meeting was attended by Politburo Member and Central Committee Secretary Wladyslaw Baka and Director of the Foreign Department under the PZPR Central Committee Ernest Kucza.

**2 March.** A session of the Presidium of the Appeals Commission under the Tenth Central Committee Plenum was held. The deliberations were chaired by Member of the Central Committee Politburo Kazimierz Barcikowski. The Presidium analyzed the current status of the Commission's work.

**9 March.** First Central Committee Secretary Wojciech Jaruzelski received Member of the Presidium of the Czechoslovak CP and First Secretary of the Prague City CP Committee Miroslav Stepan during the latter's visit to Warsaw at the invitation of the Warsaw Voivodship PZPR Committee. The meeting was attended by Alternate Member of the Politburo and First Secretary of the Warsaw Voivodship PZPR Committee Janusz Kubasiewicz and the Director of the Foreign Department under the PZPR Central Committee Ernest Kucza.

**11 March.** The Congress Auditorium of the Palace of Culture and Science was the site of a meeting between the Executive Board of the Warsaw Voivodship PZPR Committee and first secretaries of basic party organizations. It was attended by First Central Committee Secretary Wojciech Jaruzelski and Politburo Member and Central Committee Secretary Marian Orzechowski. The meeting was chaired by Alternate Member of the Politburo and First Secretary of the Warsaw Voivodship PZPR Committee Janusz Kubasiewicz.

#### In the Offices and Organizations

**27 February.** In Gorzow, Kalisz, Nowy Sacz, Piotrkow Trybunalski, and Zamosc were held voivodship PZPR reports conferences. Guests attending the conferences were: in Gorzow, Central Committee Secretary Leszek

Miller; in Kalisz, Politburo Member and Central Committee Secretary Zbigniew Michalek; in Nowy Sacz, Central Committee Secretary Marian Stepień; in Piotrków Tryb., Politburo Member and Central Committee Secretary Józef Czyrek; and in Zamość, Politburo Member and CKKR [Central Control and Audit Commission] Chairman Kazimierz Cypryński.

In Bydgoszcz was held the PZPR Reports Conference of the Pomeranian Military District, attended by First Central Committee Secretary Wojciech Jarużelski.

**28 February.** In Warsaw deliberated the PZPR Reports Conference of the Border Troops.

**1 March.** In Kraków, Pila, and Toruń were held PZPR voivodship reports conferences. Guests attending the conferences were: in Kraków, Politburo Member and OPZZ [National Trade Union Alliance] Chairman Alfred Miodowicz, Central Committee Secretary Marian Stepień, and Director of the Propaganda Department under the PZPR Central Committee Sławomir Tabkowski; in Pila, Central Committee Secretary Leszek Miller; and in Toruń, Politburo Member and Central Committee Secretary Zbigniew Michalek and Politburo Member Iwona Lubowska.

In Wrocław convened the PZPR Reports Conference of the Silesian Military District. Participating in the conference were: Politburo Member and Central Committee Secretary Józef Czyrek, Alternate Member of the Politburo and First Secretary of the Wrocław Voivodship PZPR Committee Zdzisław Balicki. The Chief of the Main Political Directorate of the Polish Army General of Arms Tadeusz Szacilo was present.

The Wrocław Voivodship PZPR Committee discussed tasks following the Tenth Central Committee Plenum and prior to the voivodship reports conference. The deliberations were chaired by Alternate Member of the Politburo and First Secretary of the Wrocław Voivodship PZPR Committee Zdzisław Balicki and attended by Director of the Science and Education Department under the PZPR Central Committee Bogusław Kedzia.

**2 March.** In Radom convened the PZPR voivodship reports conference. It hosted Politburo Member and CKKR Chairman Kazimierz Cypryński.

The deliberations of the PZPR Reports Conference of the Warsaw Military District were attended by Central Committee Secretary Leszek Miller, Deputy Minister of National Defense General of Arms Zbigniew Nowak, and Deputy Chief of the Main Political Directorate of the Polish Army Brigadier General Zdzisław Rozbicki.

In Gdynia was held the PZPR Reports Conference of the Navy, attended by Alternate Member of the Politburo and First Secretary of the Gdańsk Voivodship PZPR Committee Marek Holdakowski.

The Bydgoszcz Voivodship PZPR Committee evaluated the course of the reports campaign and approved the materials for the voivodship reports conference.

**3 March.** In Łódź, Koszalin, Opole, and Poznań, PZPR voivodship reports conferences were held. The guests present at these conferences were: in Łódź, Politburo Member and Prime Minister Mieczysław F. Rakowski; in Koszalin, Politburo Member and Central Committee Secretary Stanisław Ciosek and Director of the Culture Department under the PZPR Central Committee Tadeusz Sawic; in Opole, Politburo Member and Central Committee Secretary Zbigniew Michalek; in Poznań, Politburo members Kazimierz Barcikowski and Gabriela Rembisz, Member of the Central Committee Secretariat Bogusław Kołodziejczyk, and Vice Chairman of the PZPR CKKR Jerzy Wilk.

In Kiekrz near Poznań was held the PZPR Reports Conference of the Air Force. Its deliberations were attended by Central Committee Secretary Zygmunt Czarzasty and Deputy Minister of National Defense General of Arms Antoni Jasinski. On the same day was held the PZPR Reports Conference of [Army] Rail and Road Units.

**4 March.** In Gdańsk, Kielce, Lublin, Rzeszów, Siedlce, Słupsk, and Włocławek were held PZPR voivodship reports conferences. The guests present at the conferences were: in Gdańsk, Politburo Member and Central Committee Secretary Marian Orzechowski; in Kielce, Politburo Member Wiktor Pyrkoś and Department Director and Secretary of the Party Work Commission under the Central Committee Maciej Lubczyński; in Lublin, Central Committee Secretary Marian Stepień; in Rzeszów, Politburo Member and Central Committee Secretary Józef Czyrek; in Siedlce, Central Committee Secretary Leszek Miller and Director of the Personnel Policy Department under the PZPR Central Committee Jerzy Świderski; in Słupsk, Central Committee Secretary Zygmunt Czarzasty; and in Włocławek, Politburo Member and Central Committee Secretary Zbigniew Michalek.

The Elbląg Voivodship PZPR Committee approved the materials for the voivodship reports conference and the membership of the Committee's newly established commissions.

**7 March.** In Ostrołęka was held the voivodship PZPR reports conference. It was attended by Politburo Member and CKKR Chairman Kazimierz Cypryński and the Director of the Office of the Council of Ministers Michał Janiszewski.

**8 March.** A PZPR reports conference was held at the Academy of the General Staff of the Polish Army.

**9 March.** In Krosno and Leszno were held PZPR voivodship reports conferences, attended by, among others, the following guests: in Krosno, Politburo Member and

Central Committee Secretary Zbigniew Michalek, the Director of the Ideology Department under the PZPR Central Committee Andrzej Czyz, and the Director of the Office of the CKKR Wlodzimierz Sak; in Leszno, Central Committee Secretary Leszek Miller.

In Warsaw was held the PZPR Reports Conference of the National Air Defense Troops. It was attended by Politburo Member and Minister of National Defense General of the Army Florian Siwicki.

**10 March.** The Gdansk Voivodship PZPR Committee discussed tasks for party organizations and echelons ensuing from the position taken by the voivodship reports conference. During the business part of the plenum changes in the membership of the Executive Board and Secretariat of the Voivodship Committee were carried out.

**11 March.** In Bialystok, Elblag, and Plock were held PZPR voivodship reports conferences. The guests present were: in Bialystok, Politburo Member and Central Committee Secretary Zbigniew Michalek; in Elblag, Central Committee Secretary Zygmunt Czarzasty; and in Plock, Central Committee Secretary Leszek Miller.

#### Interparty Cooperation

**2 March.** Leningrad was visited by a delegation of the PZPR Central Committee headed by Director of the Ideology Department under the PZPR Central Committee Andrzej Czyz.

**3 March.** A 3-day working visit to Hungary was ended by Politburo Member and PZPR Central Committee Secretary Marian Orzechowski. M. Orzechowski was received by Secretary General of the Central Committee of the Hungarian Socialist Workers' Party Karoly Grosz.

**2-3 March.** A delegation of the Culture Department under the PZPR Central Committee, headed by Deputy Department Director Adam Kaczmarek, paid a visit to Romania. The delegation was received by Member of the Political Executive Committee and Secretary of the Central Committee of the Romanian CP Constantiu Alteanu.

**7 March.** In the Prague ended a 2-day conference of economic secretaries of the central committees of the communist and worker parties of CEMA countries. It was attended by Politburo Member and Central Committee Secretary Wladyslaw Baka.

**8 March.** In Delhi was held the 14th Congress of the Indian CP. It was attended by Member of the PZPR Central Committee Politburo Zbigniew Sobotka.

**8-10 March.** Poland was visited by a delegation of the Department of Economic and Social Policy under the Central Committee of the Hungarian Socialist Workers'

Party, headed by Imre Kovacs. The visitors were received by Politburo Member and Central Committee Secretary Zbigniew Michalek.

#### YUGOSLAVIA

**Fuad Muhic Rebuked for 'Anti-Serb' Stance**  
28000091 Belgrade NEDELJNE INFORMATIVNE  
NOVINE in Serbo-Croatian 26 Mar 89 pp 20-21

[Article by Prvoslav Ralic: "The Foundation Layers of Anti-Serbism"]

[Text] For a long time now, as long as these conflicts of ours have gone on, Dr Fuad Muhic has been an almost full-time outside collaborator of the magazine DANAS. He finds himself there in the very fine company of kindred spirits. There, the prima donna of the magazine DANAS is continuing her deer hunt in "southern climes," but is unfortunately hindered by "avalanches of Serbian nationalism," "battle cries" in "eastern regions," the "wholesale Serbian tumult," and by Slobodan Milosevic personally, who is "inciting" the broad masses. She has nevertheless managed to bag a skunk. Here is what her prey has to say: "After all, the thesis of the threat to the Serbs and the inequality of Serbia is now being promoted to capital status (a hunting term) not in order to protect those who are actually threatened or to correct injustices, but on behalf of certain much larger games which are in fact threatening the entire country." Congratulations on the big buck, you learned that somewhere from someone, dear huntress. Fuad, you also have with Your slipper on the banana peel, our well-known Australia kangaroo pouch, a woman who knows nothing in her experience or in theory about Hitler's "Mein Kampf," but happened to read it because something in Serbia seemed to smell of that book. Whose wares is this prima donna peddling? She herself has the answer: even the worst pluralism is better than the best Stalinism. Fuad, tell her to read Your book about "Stalinism" so that she doesn't try to cover her scant wit with quips and empty attempts at humor, so she frees herself of the a priori hatred toward any individual or nationality.

Why, Fuad, are you publishing your writing in the same place as Dr Slaven Letica, who has so pontifically, together with MLADINA (and Vrhovec), divided Yugoslavia into the "Western model" and "Eastern model," for whom that is an accomplished fact, who is horrified of a "unified Yugoslavia," who mockingly referred to the rally in Knin as an "unexpected" uprising of poor and rural (?) Serbs in Croatia, who flagrantly insults the policy of the Serbian LC, and who "offers free to the Croatian leadership a specific bargaining position for a possible peaceful debate about a fourth Yugoslavia"? Let him be remembered for his idea about a "fourth Yugoslavia." Fuad, communard of old, what do you think about all this? You seem to have stopped thinking when you stooped to such company and sank to writing articles like that "First Ladies of Socialism" (DANAS, 7 March

1989). An article that in appearance was polemical, contribution to a dialogue. In actuality, it continues the political job of the magazine DANAS, to sling mud on Serbia.

### An Intellectual Rape

Dr Fuad Muhic is beginning to write more and more frequently in the genre of entertaining articles. Presumably, the readers of DANAS, fatigued by the lies, are in need of some diversion. The first thing that needs to be found, then, is the most attractive, the most commercial, and the most decorative title. It has to be one that will touch people's instinct rather than their reason so that they rush to read an article that has such a title. And it was found. This is it: "First Ladies of Socialism." There also was a subtitle, it makes no difference whether it was supplied by the author or the editors, which conceals the nature of what the author meant to say. The subtitle reads: "Result of an Analysis of Public Statements by Dr Mirjana Markovic, Wife of Slobodan Milosevic." The reader can see for himself: there is no trace of an "analysis" of public statements except some word games, and even they are contradictory. But it does contain what anyway was the purpose of the article in DANAS, in which one cannot even count the tens of times Slobodan Milosevic is attacked by name. There is an indirect defense of the separatist forces of Albanian nationalism. There are attempts to cloud over the nature of the political and constitutional position of SR Serbia. There is the imputation of charismatic practice and nepotistic behavior to justify the improper and uncivilized "analysis" of the political situation in Serbia, an analysis both contradictory and untenable in theoretical terms. As though to follow the maxim: The more shame I heap on Serbia, the better I will be received not by my kindred spirits, but by those who have placed trust in me. Fuad's a priori judgments of Serbia, made from afar, are today distant, not in geography, but in essence, from the critical thought and lively human truth; they are interesting dogmas of a kind which the brutal determination of an intellectual rape is attempting to impose.

### Impotent Ideals

The ideal which Dr Fuad Muhic offers to the wives of political leaders is comical, patriarchal, outdated, and impotent. They are supposed to be a discrete moral promoter of the reputation of their husband. But what, then, is one to do, Fuad, if the wife is a university professor, if she goes in for Marxism, if she has grown children and the drive to be involved in politics, if since back when she was a student she has been involved in political life at the university, never suspecting what her husband might turn out to be, if she is the chairman of the Commission for the Ideological Effort of the University Committee of the Belgrade LC? Surely, she has the right to present the introductory address in a working body of the city committee. How can you so hastily, with no shame at all, make the passage from a single event to sweeping conclusions that her public statement is a

consequence of the fact that she is the spouse of Slobodan Milosevic, that she is a "newly created media star" (simply because on one day the press carried excerpts from that meeting), all the way to the foolish statement that she has "displayed pretensions of being the 'first lady' of ideology in a very important segment of our party structure."

Fuad does not follow the essential events in the Serbian LC. If he did, he would know that in the Serbian LC there are no a priori solo ideologues, that all forums, organs, and working bodies of the League of Communists are concerned with ideology.

What does Fuad's analysis of the speeches of Dr Mirjana Markovic show? First, that her views are identical to the views of her spouse. Then, that Fuad came to feel a "justified anxiety"—"lest there really be on the horizon the model of a family rule (at present, only ideological)." Finally, and this is the finding which Fuad needed (which is why he does not prove it: he says that its content is too well-known; from whose experience we are not told): that Mira Markovic, under the influence of the "marital tie," advocates "authoritarian charismatic socialism." Congratulations on a discovery with a woman's help! Congratulations if you believe that we will be led out of the crisis by the institutions which led us into the crisis. Fuad's "analysis" abounds in lapses and contradictions. First, he asserts that Mira Markovic thinks the same way as Slobodan Milosevic, and then he says, as though he were quoting a woman who has something to sell, that Mira Markovic has gone further in her radicalism than her spouse, that the "first lady" is even in the lead.

I am afraid of "analyses" like these of Fuad with which one can prove anything, in particular that SR Serbia is by very definition unitarist and Stalinist, irrational and hegemonistic. It frightens me when this is done with the concerted forces of the leading writers of the magazine DANAS and the well-known entourage of those forces within the country and abroad, both from the 1941-1945 war and from back in 1971.

I publicly express this fear of mine so that I will not be even a passive follower of the decrepit misanthropic and fascist ideologies which are coming awake, ideologies which have been cropping up in quite a considerable number of countries in the world. This ideology has arisen on a wave of nationalism and anti-Serbism, on the "principles" of anti-Serb and in general an anti-eastern and antisouthern coalition of universally calling into question the Yugoslavia created by the revolution. Let Fuad Muhic, his collaborators, and his employers take sides without ideology. I won't.

### A Trivial Dialogue

Fuad Muhic, by his own admission, conducts a frivolous dialogue with Mirjana Markovic. That is, he says that by virtue of her authoritarian speech in the city committee

of the Belgrade LC (Fuad does not even know the name of the Belgrade organization of Communists) she has precluded the possibility of a dialogue. By virtue of her arrogant dictum, Muhic goes on to quote her, she has disqualified herself from any serious dialogue. Why, then, Fuad, in spite of everything she has said here, do you go on conducting a dialogue with her? What do you think of yourself when you carry on a dialogue with someone who has disqualified herself for any "serious dialogue"? Who bought Your subscription to "frivolous dialogues," to dialogues with those who by Your utterance do not deserve it? You have gotten something all mixed up, Fuad, you wanted to conceal a lot of this, but there is no need. Say it like a man, openly, not obliquely, not through the apparatus of yellow journalism. Say that the demand for Serbia's political subjectivity, that it might be equal and multiethnic in its own right, bothers you and is something you cannot deal with. Why do you beat around the bush when you have something to say? Everyone has understood you perfectly, Fuad. What you needed that invented polemic with Mirjana Markovic for was to say something else: that the family type of ideological rule in Serbia (just tell us immediately, Fuad, what it is) is also reminiscent of the Stalinism of Mao and Pol Pot. You worked for years on your doctorate in the field of Stalinism, yet on this article to order you were really hasty and superficial, somehow sans-souci, as though there were nothing to it, just so you are present and accounted for in the anti-Serb lobby. That pays off today. It pays off both for the newspaper DANAS and for You.

You, Fuad, are another confirmation of the rule that when people have nonintellectual interests, they read what they want, not what is written. We reduce ourselves to the consequences of the social states which we want to justify. A mob of pragmatic political interests tramps through us. It catches us up as well. From its standpoint we want to approach other people in order to make them as insignificant as possible and ourselves and our position as distinguished as possible. We would always like to be in the shop window that is better arranged. We would like to please our deities, which often by a logic of this world are good at ordering the best possible lighting for their interests, advertising, and promotion. And a sluggish spirit carries a higher price if he is hired to achieve the objective of his clients with "unsparing criticism." It is difficult for a man to get away from his evolutionary legacy and bite another man. Instead of talking to him, instead of conducting a dialogue and polemic so that together they might arrive at a more mature and complete truth, he would egoistically like to pin the other person in the conversation. They do not smell their own perspiration, but yet they have a "highly developed sense" to smell others if they do not like their aroma and to lunge at them outside the bounds of dignity of a civilized conversation, to persecute them, hiding behind a "critical analytical spirit" and lacking the strength to tell the truth about the real motives they have for entering into a polemic, into a dialogue.

### An Ideology of the Soil

I believe that sooner or later the moment will come when the mask must be removed and that at least then, if we are dealing with a man, there will be shame. The masked ball has gone on too long, the masks must be removed. We cannot go on playing theoreticians for a long time if we are local political separatists, if we have become enamored of an ideology of the soil. Haven't we all fallen prey to one of the worst human inclinations, the inclination to exchange mutual insults, to push each other into the mud, believing in all this that our mud is better than someone else's mud? It really is true as they say that people should be examined in the full of life, that a man should not be judged when the masked ball is over, when the masks have been removed. I hope all of this always has a happy journey, that would be best.

### Experts at Telling Fortunes

This "polemic" of Fuad's is a good example of the already familiar human patterns of behavior whereby we seem to read and understand one another, while actually we do not know what an article was really about, out of the entirety of what was said we seek the "weak points" which we will easily deal with, in which we are not really interested in what a man has actually said in the polemic with us; we have not read him carefully, since we are preoccupied by a response written out in advance and derived from our own profane, politically pragmatic, and personal interest, which is given in advance. And thus we do not notice that we are like children's toys that move because others have first wound them up and lubricated them well (our curbed ethnic identity and our need for money). Ideological Don Quixotes believe that they are galloping at incredible speed and that they are aiming their lances at the target, but they do not notice that they are an integral part of the local merry-go-round of ethnic statism and that they are riding wooden hobbyhorses painted a variety of colors.

Somehow it is the words of Krleza that come to us at this point: "Man is a vain creature like a monkey, subject to enduring temptations of what is called social reputation, worried lest he end up an equal among equals, if he has not yet managed to impose himself on his flock as the leading ram." A person actually does not notice that he is serving others on behalf of their ethnic promotion, that he is not a lawyer, a journalist, or a philosopher, but a priest and organist in someone else's court, a kind of servant who does their dirty work for them, and they throw him something from their table, not all that little, into his bank account. This is a new profession in our country: the intellectual craftsman or tradesman "temporarily employed" in another community. Fuad Muhic is not alone in that. There is also, since he likes to write about "ladies," the lady from Pristina. At one time, there were also some from Vojvodina. There are also some from Serbia. They have devised their own camouflage, a particular kind of whispering, the transmission of confidential reports and articles. They collaborate with the

paid press and publishers who "value" the Serbian market. They think they are being published for their own sake, but the publishers are doing it for themselves. Apologists of untruths. Showmen performing. Men of their time: ready to be bribed. Experts at telling the future of what will happen with "populist socialism." A strangely melancholy circus company.

Why has Dr Fuad Muhic allowed himself to be in the flock of those who are nibbling away, fatiguing, and spoiling the foundations of the Yugoslav socialist community? Why all of a sudden does it bother him that one republic wants for itself the historical image which it won in the revolution and the equality that all others have in Yugoslavia? Do You not have, dear Fuad, that warp of humanistic theory that will protect You against the temptation to join the camp of the Serbophobes? That is what you have done. You do not know what you have done. You have begun to shun one nationality irrationally, since in the realm of political interest it is not going well at the moment for You. Are You, Fuad, better suited by MLADINA's "half" of "western Yugoslavia"?

#### Orders From Others

If Dr Fuad Muhic goes on this way, he actually will travel to the end of the line: where there ceases to be human conversation, where human dignity becomes distorted. That is the result of pursuing only one's own interest. Just so this unscrupulousness is not proclaimed a moral principle, just so human dignity does not become corn for disparagement by petty politicians, just so consciousness and conscientiousness are not hardened into stone, just so "man is not lost like a performance without an audience." That is what we have to avoid if Fuad's method of "dialogue" is imposed as a principle.

We should see whether the impression is right that Dr Fuad Muhic has more kindred spirits in a part of SR Croatia and in a part of its press than he has in "his own" republic and among "his own people" in the press of Bosnia-Herzegovina. How are we to explain that Dr Fuad is not conversing with Serbia and Slobodan

Milosevic mainly from Bosnia, but from Croatia? Is our writer stronger from there, his arrow better aimed, his bow strung tighter, the target more visible? If DANAS is the site for these tests (its name ["TODAY"] is wrong, since it contains neither present nor future, but only the well-known slogan from the independent Croatian past), then the answer to the questions is in the affirmative. It will do You no good, Fuad, to mire yourself in the anti-Serb coalition, and that objectively, not just on the basis of formal expression. What will a nonsensical petty political desire for power do to Your intellect? Don't you see that they are eating you away and that they will leave you alone on the "battlefield" of someone else's command?

No one has the right to "choose" someone else's topic to debate. Legitimacy is gained by one's own choice. But at the same time, no one has the right to prohibit me from asking: Why among the "hot" political topics of Yugoslavia has Fuad not found a few that would follow the serious drama of the dissolution of the feudal bureaucracy of Bosnia-Herzegovina, that bureaucracy that culminated in the "Agrokomerc" and "Neum" scandals? Perhaps Fuad was too close to all those people, and so it seems too well-known for him to write about it? Or, why is it that we rarely encounter serious articles by Dr Fuad Muhic about Muslim nationalism, about certain new manifestations of political alliances on a religious basis?

Dr Fuad Muhic has always been an interesting ethnic ideologue of Bosnia-Herzegovina. He has liked to move in spirit from one nationality to another, from one republic to another. He respected the important centers: Sarajevo, Kumrovec, Belgrade, Zagreb.... He knew quite well where and when to come or stay. He had a good political-ideological radar. When Sarajevo needed him, he was on the spot. He would provide the *raison d'être* for those in power at the moment. He was very popular in Belgrade at one time. He often spoke in Belgrade lecture series, and he wrote articles in the Belgrade press. Now he is a very frequent guest of the Zagreb press, especially the magazine DANAS. He comes to Belgrade only when he has to.

## CZECHOSLOVAKIA

### Joint CSSR-China Shipping Enterprise Discussed 24000094b Prague RUDE PRAVO in Czech 25 Feb 89 p 6

[Interview with Jaroslav Stransky, chairman of the Czechoslovak section of the board of directors of Cosship, the joint Czechoslovak-Chinese shipping enterprise, about its first year of operation, by Vladimir Divis: "Joint Enterprise on the Oceans"; date and place not given]

[Text] January of this year marked the first year of the existence of Cosship, the first Czechoslovak-Chinese enterprise for international maritime shipping. At its establishment both parties participated with equal shares in its capital funding, that is, 50 percent. Since this is one of our first enterprises with a foreign partner, our correspondent in Peking on this occasion asked the chairman of the Czechoslovak section of the board of directors and the commercial deputy of the general manager of Czechoslovak Maritime Shipping [CNP], Eng Jaroslav Stransky about his experience thus far with this form of enterprise on the world's oceans, one not too common for us.

[RUDE PRAVO] Who initiated the Czechoslovak-Chinese company for maritime shipping?

[Stransky] The founding enterprises are Czechoslovak Maritime Shipping and Cosco, the largest Chinese ship-owning firm. This company represented a continuation of our traditional cooperation of many years. At the time that CNP was established the Chinese shared commercial operations with us. In the 1950's many Chinese vessels sailed the oceans under our flag.

[RUDE PRAVO] Why was this?

[Stransky] For some years after its revolution in 1949 China found itself isolated in the international community. Only a minority of the world's countries recognized the then Peking government.

[RUDE PRAVO] How did the so-called cultural revolution (1966 to 1976) in China affect this cooperation?

[Stransky] In 1967 the Chinese broke off all contacts with us and thus ended the first chapter of our cooperation which held promise of expansion. At that time we returned to the Chinese the last portion of the amount which they had shared at the start of our maritime shipping venture. The Chinese investment at the time consisted of supplies of ships.

[RUDE PRAVO] What is the specific structure of Cosship?

[Stransky] We planned to conduct Cosship only as operators of ships chartered from ship-owning companies of both participating companies. So our responsibility was limited only to commercial operations. We draw up 1-year contracts but expect them to be extended regularly. At present, on our part we operate the vessel Orava, with a capacity of 15,000 tons, located in Yugoslavia and on the Chinese side, the ship Fun Ju-san of approximately the same tonnage. The responsibility for their operation rests with the charterers.

[RUDE PRAVO] Was Cosship established solely to try to increase the economic efficiency of shipping goods in both directions?

[Stransky] The main objective of the company is to provide shipping service for transporting our goods to the Chinese People's Republic and Chinese goods to us. This reduces the need to lease ships of other countries for foreign exchange. Formerly, each secured imports with their own ships. Considerable problems arose in trying to get cargo for the trip over. Now these problems do not exist.

[RUDE PRAVO] What utilization rate do you achieve?

[Stransky] We cannot say we are fully satisfied at present with this aspect. The problems are chiefly with getting contracts for shipment of Chinese goods to the CSSR by the Cosship company. Some Chinese organizations at present do not turn first to this mixed enterprise which causes certain losses to both shareholders.

[RUDE PRAVO] What is the economic outlook after 1 year's operation?

[Stransky] We ship goods to China without loss but also without profit. The situation in the other direction is considerably better.

[RUDE PRAVO] How do the two sides divide any profit or loss?

[Stransky] Always equally.

[RUDE PRAVO] At the time the agreement was signed to establish the company in April 1987, according to our guidelines at the time was not the Czechoslovak side to control at least 51 percent?

[Stransky] In negotiations by our government we obtained an exception, nevertheless, as it turned out in practice, equal partnership sometimes complicates operational management. It is always necessary to have absolute agreement by both sides. If one of them held at least 51 percent of the share and so also the right to the deciding vote it would certainly contribute to more flexible management of commercial operations. But the Chinese insisted on this form.

[RUDE PRAVO] What about your financial management?

[Stransky] That gives us the most problems since our payments are made in Czechoslovak korunas, rubles, dollars, Swiss francs or clearing francs. For example, transfer of francs, in which all Czechoslovak-Chinese trade is conducted, is extremely difficult. The biggest obstacle is the difference in exchange in the individual socialist countries, the nonconvertibility of certain currencies and a number of other complications which were only partially eliminated by the introduction of a single-component exchange of the koruna as of 1 January of this year.

[RUDE PRAVO] To what extent is our side responsible for the continuing difficulties?

[Stransky] A decisive one. The enterprise is a Czechoslovak legal entity. Many of our offices have not yet adjusted to this new form of enterprise. In China, on the other hand, they have had a great deal of experience with it.

[RUDE PRAVO] How does the profit balance look in the first year of Cosship's existence?

[Stransky] Exact figures will be known only in March but according to preliminary computations the profit will be around Kcs 5 million.

[RUDE PRAVO] What are the prospects of the company?

[Stransky] In my opinion Cosship would benefit by expanding its shipping fleet. But this depends on resolving many other questions. It is conditioned on successful penetration of the free market, operating outside the run between the CSSR and China and on other routes of the world's seas and oceans. Still, we have agreed already that in 1989 Cosship will be operating only two ships for the time being and will consolidate its position in the market and gain experience.

[RUDE PRAVO] Why do you think it was precisely with China that one of the first Czechoslovak mixed enterprises was established?

[Stransky] Beginnings are always hard. This applies also to this form of international cooperation, so little known to us up to now. It is easier to overcome difficulties with friends than with purely commercial partners where the only connection is trying to make a high profit.

[RUDE PRAVO] Thank you for the interview.

### CEMA Takes Steps To Eliminate 'Purchasing Tourism'

24000094a Prague SVET HOSPODARSTVI in Czech  
21 Feb 89 p 1

[Article by Miroslav Zamecnik: "Will CEMA Customs Measures Put an End to 'Purchasing Tourism'? Solution Is Sweeping Economic Reform in All Member States of CEMA as a Whole"]

[Text] Hospitality among the early Slavs called for greeting guests at the threshold with bread and salt while businessmen observed the maxim, "The customer is always right" [lit. our customer, our master]. Bread and salt is even now an essential requisite at official functions but the ordinary tourist is welcomed at the border not only by the greeting of customs and passport control but also with emphatic warnings of new customs regulations. And these prohibit or seriously curtail what foreign tourists for years have loved to do—shop in neighboring countries. The first to place restrictions on the export of goods in tourist traffic was Czechoslovakia, followed in due course of time by the GDR, the Polish People's Republic, the Hungarian People's Republic, the Bulgarian People's Republic, the USSR, and the Mongolian People's Republic. The purpose of all these measures, which cover a broad range of the most varied products, is to protect the domestic market. It seems paradoxical that such steps are being taken just when there is more and more talk at prominent forums about the need to create a unified market in the CEMA countries. It is a paradox that does not lack a certain logic.

Let us try to clarify certain matters. It is no secret that all of the CEMA countries are currently suffering general and structural imbalances to a greater or lesser degree. Often wages rise faster than the productivity of labor, in several countries there is deficit financing, insolvency in enterprises is increasing and the volume of unproductive supplies. When you add to this an outdated production structure, slow application of scientific-technical findings, a chronic shortage of foreign currency due to low export efficiency and the results of foreign indebtedness, it is no wonder that the imbalance is intensifying and tension in the domestic market is growing. The consequence is none other than that goods are not looking for buyers but just the opposite.

The root of this ailment is inherent in the directive-administrative method of managing the economy which for many years refused to admit that the market is the market, goods are goods and money is money. Ignoring objective economic conditions of goods production does not pay, as the facts cited above convincingly demonstrate.

With this background, the new customs measures, which considerably worsened the conditions of so-called purchasing tourism, can be understood as a temporary expedient born of necessity, even though it is clear that

only a basic reform of the economic mechanism, rather than further administrative decrees, can improve supplies on the domestic market.

Purchasing tourism itself has always existed and it is well to note that it exists everywhere. But not everywhere does it have negative effects, quite the opposite. Under certain conditions it is considerably more advantageous than direct exportation. The buyer pays the full retail price, including taxes. Of course, this requires a well functioning market and an exchangeable currency.

The driving force in purchasing tourism is the differences in price relations and the general level of prices in the various countries. Tourists were never buying just souvenirs that are typical of the country. Included in their efforts to "get their money's worth" [lit. a lot of music for little money] abroad are also items that are available at home but either cost more or are of inferior quality. Under the conditions of CEMA, added to this general fact is the problem of an insufficiently stocked market or a limited selection of goods.

And so for many years now trains, excursion buses and passenger cars with Czechoslovak tourists have been traveling toward the GDR where the main attraction was fancy and children's footwear, children's clothing, household goods, cameras, etc. Hungary was attractive chiefly because of fashionable textiles from creative private workshops, while Poland offered inexpensive silver products and—if using the black market exchange—also a broad selection of attractive goods at bazaars there. In the USSR the items purchased were cheap portable color TV's, cameras and telescopes. They came to us for sports shoes and accessories, chocolate, candy, tropical fruit, textile products and even sardines and tires. This listing is, however, far from complete.

Most of these products actually could not be exported even in the past but as long as the level of supplies and exchange and price relations corresponded roughly, purchasing tourism was considered a "white collar crime" at which, in view of the useful reciprocity, one shut his eyes. Purchases abroad thus actually compensated for inflexibility in the exchange of goods under the trade protocols and the inability to provide sufficient supplies from domestic production or imports.

Matters came to a rapid decline only after certain countries suffered a sharp intensification of their economic imbalance which was reflected in substantial deterioration of their domestic markets. This brought about a powerful added stimulus to expand purchasing tourism in which, however, the tourists ceased to be only satisfying their own needs. They started buying wholesale, for reasons of speculation.

To this must be added the fact that in Poland and Hungary a rapid movement in retail prices took place. This development did not recognize the tourist rate of

forints and zlotys to korunas but also to other currencies. The advantages of shopping at a neighboring state became clearer than the sun in one's face.

In the case of Hungary, supplies on the domestic market are very good but the prices are less enviable. In view of the fixed exchange our southern neighbors quite logically took advantage of the fact that almost everything could be bought here for less. This was well known at the stores in border regions. On the other hand, it is true that demand—whether legal or illegal—for Hungarian currency was so high in the CSSR that it resulted in limiting the allotment of foreign exchange. The reason? Our consumers were interested in buying fashionable goods, very scarce here, so price, in view of the shortage, ceased to play a decisive role.

In the USSR again, Soviet tourists were coming to us with considerably increased foreign exchange, sums corresponding to several times the average monthly income.

The situation on the Polish domestic market is so special that it is worth analyzing it in some detail. Contrary to Hungary, supplies in state trade, in spite of rapid inflationary price increases, are very poor, in cooperatives somewhat better, but it is possible to buy from private entrepreneurs anything anytime, for a suitable sum. For example, in September 1987 in the Praga quarter of Warsaw bananas and oranges of first quality were available on the free market, but at a price which, according to the official exchange, was Kcs 200-240 a kilo. A single piece of the exotic kiwi fruit, at that time known to us only from pictures in foreign periodicals, cost the Polish gourmet Kcs 70. Among other things, the market also offered Czechoslovak candy, coffee, cocoa and athletic footwear but for several times our retail prices. The size of profit from speculative sales is evident which also explains the emergence of well-organized supply channels (on both sides of the border) which took care of the movement of desired goods without regard to the legality of such doings.

The unique position of the Poles in purchasing tourism depends not only on the difficult economic situation in the country but also on the exceptionally liberal exchange and customs regulations. For some time now Polish citizens can legalize the ownership of foreign exchange acquired on the black market by depositing it in the bank for a certain time. Likewise, the limit against which duty is charged on imported goods (not only for personal consumption) is miles apart from our limit of Kcs 5,000 per person.

The result is not only an almost unlimited possibility to travel to nonsocialist countries (including long-term working stays) but also efforts to make up for the "overhead" by selling the imported goods. Both are plentifully used.

And so "business tourists" (the original term) carry on trade not only in East European countries, in Greece or Turkey, but also in faraway China or Mongolia. In our circumstances it is considered a pearl of information by experts to learn that extra advantageous buys can be had in Thailand's Bangkok, in Hong Kong or in Singapore.

The alpha and omega of all these transactions is profit, expressed not in the national currency but in dollars. The economic framework of "informal trade" is defined by the following deals: the official exchange (in our case, the koruna to the zloty), the rate of the national currency to the dollar on the black market, and the price for which scarce goods can be bought or sold.

The entrepreneurship of some Polish tourists is quite visible even on the streets of Czechoslovak towns and villages. The evidence may be the long trip of the currently very popular Lacoste brand polo shirts (with the green crocodile), even though assuredly fake, from the bazaars of Istanbul to East European countries. In Istanbul, a T-shirt may be bought for 5 West German marks. Wholesale customers (and among them undoubtedly belong Polish business tourists) even get substantial discounts. Payment is either in cash or with goods easily convertible into cash (favorite export articles are Polish furs or silver fox). Just as soon as Lacoste T-shirts cross the Turkish-Bulgarian border (or they might be jeans, "fake" brand socks or cosmetics) their price increases rapidly. Last fall in Prague Lacoste polo shirts were selling on the black market for Kcs 300-350 while a passing glance at the attire of the young generation shows that there was no shortage of customers. The korunas brought in are exchanged directly either for marks or dollars (one of the reasons why their exchange on the illegal currency exchange rises rapidly), or are used to buy scarce goods in Poland. The whole cycle can be repeated many times in a year, always with considerable and untaxed profit.

Differences in supplying the domestic market, the preponderance of demand over supply, the virtually illusory rate of exchange and a very large disproportion in prices create an area which the shadow economy fills. For these reasons it is scarcely any wonder that goods in wholesale packaging were held up at our borders—the amount of profit from illegal trade is such that it allows leaving high commissions which severely test the integrity of our businessmen. In this area all laws of the market mechanisms are fully applicable, although to the detriment of broad sections of consumers.

Measures taken to protect the domestic market, nevertheless, cannot be considered as solutions. For one simple reason—they may indeed restrict the importation of scarce or subsidized goods but they do not eliminate the basic causes of the imbalance. The socialist states really must proceed to create a common market in CEMA. But in order for this to happen it is necessary to carry out a number of prerequisites on the national as well as international level. In order to renew the validity

of the old businessmen's rule—the customer is always right—and to fill store shelves with attractive products at reasonable prices there is only one way—a thoroughgoing reform of the economic mechanism in all member states of CEMA and in CEMA as a whole.

## HUNGARY

### Leadership Attitude Toward Single-Issue Groups Analyzed

25000186b Budapest HETI VILAGGAZDASAG in Hungarian 1 Apr 89 pp 62-63

[Interview with Hungarian Academy of Sciences, Sociological Research Institute chief Pal Tamas, by Ibolya Jakus: "The Political Leadership Did Not Want To Enter Into Agreements With Anyone"; date and place not given]

[Text] Thus far Hungarian environmentalists have not won any great battle. Unless we regard as a great battle the fact that on more than one occasion their movement became the preschool training ground for alternative political activity. How did the relationship between environmental protection and those in power evolve in the recent past? What spasms hindered those in power, and, in general: are those in power making an effort to reach an agreement with those organizations, particularly in the matter of Bos-Nagymaros? This is the question we asked from one of the researchers of this topic. He is Pal Tamas (age 40), chief associate at the Sociological Research Institute of the Hungarian Academy of Sciences. Last week he presented a talk on the relationship between East European ecological movements and the political sphere.

[HVG] Particularly in East Europe, green movements, environmental protection groups to date have been forced to wear the "mark" which suggests that for them environmental protection is only a pretext and that in reality they are conducting political activities. Is the situation, the perception of the Greens changing in Hungary at a time when political movements have acquired legitimacy, more or less?

[Tamas] Social tension increased rapidly in East Europe during the 1980's, and part of this tension was indeed absorbed by the environmental protection movements. This is so because these movements were active in an uncharted "gray zone" on the borderline of official public policy of a given moment. Thus, in spite of everything else, there was some room left to express dissatisfaction. Those in power recognized the "danger" and did not like it, nevertheless somehow tolerated these movements mainly in the local context, insulated from the national sounding board. Except for the Danube Circle which was clearly persecuted, the situation was the same in Hungary. Accordingly, the "explosive" period in the history of ecological movements was the semi legitimate, semi public period, which indeed provided persons with a public service mission a test, a field

to exercise. This is proven by the fact that when the limits of openness broadened during the past year and a half, some of the "cadres" of the earlier environmental protection movements were drawn away by then direct political organizations.

[HVG] It seems, however, that the masses which are gradually becoming active now follow the same path. They begin their "political activities" within the environmental protection groups. I have in mind the surprisingly large number of persons demanding a popular referendum regarding the Bos-Nagymaros water step.

[Tamas] The situation is indeed peculiar. Every movement which "places its bets on one horse"—sociologists call this a "single issue"—in other words: one that has as its goal to stop a large object or a cause, is at the same time in both an easy and a difficult situation. Easy, because the issue is sufficiently specific for people to substitute for it the greatest variety of their problems. It becomes a symbol having come to life. Except for the fact that it is here that the political danger of this matter evolves. Let's say that a movement establishes as its goal that on a given day a nuclear power plant shall not be placed into service, and organizes mass demonstrations to accomplish its purpose. If the nuclear power plant is nevertheless placed into service, the movement suffers a formal defeat. From this standpoint even the question of whether water hoses, black jacks were used to control the masses becomes "nonessential." People break down under such conditions: once again the "giants" have won. Their views will not have changed necessarily, but they will feel: "what can we do, the train has passed by." This reaction could be discovered in Hungary following last October's decision in Parliament concerning the Bos-Nagymaros water step, in the form of attendance at various actions of the movement. I believe that a change in the sphere of domestic power may be the main reason for the fact that the case once again has become the focus of attention. It appears that the protest received a boost from general dissatisfaction with the government.

[HVG] Could it not be that it is precisely this political overtone—and the prestigious character of these matters which stems from this political overtone—which did not permit these actions to succeed in Hungary and in East Europe in general?

[Tamas] This is only partly true, because, not counting the vote that defeated the placing into service of the Austrian nuclear power plant at Zwentendorf, the most spectacular success was won by "ecologists" in East Europe and in the Soviet Union when as a result of their action they gave up with the plan to reverse the flow of Siberian rivers. Although I will also acknowledge the fact—and this is also proved by research—that in this field success is always individual, and that in most instances it hinges on a hair's breadth. Fiascos are easier to typify—and in this respect our immediate political milieu indeed plays a role.

The individual nature of success is well exemplified by the case involving the Siberian rivers. Concerning the supporters of the plan it is not surprising that there was some similarity with our conditions: After the war, Siberian water resource management—operating as a separate ministry—obtained huge amounts of money and great opportunities, and developed a grandiose plan whose perhaps most important "value" was that it ensured its own, i.e. the organization's growth. To accomplish this, they suppressed a number of professional doubts, and developed a prognosis to define as a trend the future water resource utilization of an extensive national economy which uses increasing amounts of water, and future water shortage. From that point it was only one step to obtain permission to start the giant project for the "elimination" of the already projected water shortage. Implementation began in the usual manner one is accustomed to see in East European government administration: using their own resources they quickly began to work, or at least they created the appearance of work, and later, on grounds that work has already begun and thus can no longer be reversed, they sought official support and money. By the 1980's, however, the plan encountered great opposition.

[HVG] Thus far this is indeed a socialist classroom example. Nevertheless, what is the reason for the successful end of this action? Could it be that the preparedness to negotiate, the tolerance of those in power was that much greater in Siberia?

[Tamas] It is very essential, that in the Soviet Union, and particularly in the beginning, those who lead the opposition to this plan were far from starting out from a platform of social radicalism or of thinking otherwise. To the contrary. The cause was espoused by groups of prestigious writers and academicians, whose political loyalty could not be questioned even ever since. Moreover, one of the most visible, one of the most vocal groups in the opposition was composed of persons who in many respects played a "national conservative" role in Soviet literary life, people who could invoke their Russian roots. Incidentally, and aside from ecological movements, the popularity of this group—whose hallmarks are Rasputin and Belov—was not increased by the fact that in regard to other kinds of domestic policy issues several of its highly visible figures were attached to arch conservative anti rock, and rather strongly anti-Semitic campaigns. But these things took place after the ecological battle was won. By all means, the officially "anointed" intellectual elite plays a great sanctioning role in the Soviet Union. Writer, artist and scientific organizations act as "substitutes for the people" because mechanisms by which society can register its views are incomplete. If they accept, verify the steps taken by those in power, then—so they say—society too approves of those steps. And if they object, those in power must also recognize just indignation, so as not to disintegrate the general rules of the game. In my view, the fact that in the end Gorbachev gave in and that work stopped hinged on two factors. On the one hand: In that early period of

reform Gorbachev wanted to intimidate the bureaucracy in the ministries. The intimidation had a cautioning character and was demonstrative. On the other hand: Gorbachev had to rely on the intelligentsia so as to bring order to the party apparatus which stood up against the changes. The intelligentsia was used as a kind of leverage. Proving his inclination to form an alliance, he signaled to the intelligentsia by giving in on a large caliber case having a symbolic character.

I am detailing all this to convey a sense: based on these events it would be a mistake to draw the same conclusion, i.e. that under different domestic political circumstances a similar decision could not be forced, even if in many respects the plan was similar. The forcing of the decision could not be repeated as a matter of prescription.

[HVG] All this is really not applicable in Hungary. Why did the Hungarian government did not give in regarding Bos-Nagymaros? What is your view?

[Tamas] In Hungary the political leadership did not want to enter into agreements with anyone. Although at the level of semantics certain concepts advanced by alternative organizations are accepted, thus far the political leadership has not demonstratively sacrificed a single cause, and did not give in in the interest of forming some kind of a new alliance. In my view, the government missed a great opportunity last year by not telling those who demanded that the project be stopped: "If you so strongly wish that this project be stopped, if the people want it to be stopped—here it is, it's all yours. Because on the other hand, I need you." At the same time the government passed up an opportunity to provide a demonstrative lesson to a solidly cemented interest group, as a warning to others.

## POLAND

### Law on Economic Activities With Foreign Entities 26000400 Warsaw *DZIENNIK USTAW* in Polish No 41, 28 Dec 88, Item 323 pp 613-621

[Law No 325 dated 23 December 1988 governing economic activities with the participation of foreign entities]

[Text] With the object of providing stable conditions for the further development of mutually advantageous capital cooperation between domestic and foreign entities and safeguarding the assets, incomes, and other rights of foreign entities, the following is hereby ordered:

#### Chapter 1. General Provisions

Article 1.1. This Decree defines the conditions for undertaking and the guidelines for engaging in economic activity with the participation of foreign entities on the territory of the Polish People's Republic.

1.2. Economic activity as construed by this Decree is manufacturing, construction, commercial, and service activity engaged in with the object of financial gain.

Article 2.1. The economic activity referred to in Article 1 may be plied in the form of a partnership with limited responsibility or a shareholding company, hereinafter referred to as "partnerships," formed by Polish entities jointly with foreign entities or with the exclusive participation of foreign entities. The contribution of foreign entities to the founding capital of the partnership may be not lower than 20 percent.

2.2. Provisions of Polish law and especially of the Commercial Law Code apply to the partnerships unless specified otherwise in this Decree.

Article 3.1. The Polish entities authorized to participate in the partnerships are:

1) the Treasury of State and other legal entities established pursuant to the laws of the Polish People's Republic and domiciled in Poland;

2) persons domiciled in Poland.

3.2. The foreign entities authorized to participate in the partnerships are:

1) legal entities domiciled abroad;

2) persons domiciled abroad;

3) partnerships of entities or persons referred to in Points 1) and 2) that lack legal entity.

Article 4.1. The Agency for Foreign Investments, hereinafter referred to as the "Agency," is hereby established as the executive machinery of the Chairman of the Agency. The organization and operating procedures of the Agency are defined by its statute, conferred by the Chairman of the Council of Ministers.

4.2. The Chairman of the Agency acts as a representative of the national government on matters of foreign investments subject to the jurisdiction of the Chairman of the Council of Ministers.

4.3. The Chairman of the Council of Ministers shall appoint or recall the Chairman of the Agency on the recommendation of the Minister of Foreign Economic Cooperation.

4.4. The scope of activities of the Chairman of the Agency includes:

1) drafting the assumptions of and implementing the policy of the State on foreign capital cooperation;

2) initiating and organizing actions enhancing the interest of foreign entities in undertaking economic activity in the Polish People's Republic in domains and within the scope consonant with the interests of the national economy;

3) supervising the consonance of the activities of the entities operating on the basis of to this Decree with the provisions of this Decree and the terms specified in the permit for establishing the partnership;

4) executing other duties specified by this Decree.

4.5. Attached to the Chairman of the Agency is the Council for Foreign Investments, which is an consultative and advisory body under the Chairman of the Agency. Members of the Council are appointed and recalled on the recommendation of the Chairman of the Agency by the Minister of Foreign Economic Cooperation.

Article 5.1. Establishing a partnership requires a permit. The granting of the permit implies consent to undertaking the economic activity specified therein.

5.2. The permit is issued if the economic activity is intended to assure, in particular:

- 1) application of new technological and organizational solutions to the national economy;
- 2) provision of goods and services for export;
- 3) improvements in domestic market supplies of modern and high-quality goods and services;
- 4) protection of natural environment.

5.3. A permit is likewise required for:

- 1) transfer of stock or shares among partners;
- 2) acquisition of shares or stock by a new partner;
- 3) amending the partnership's founding charter as regards the proportions of shares in the partnership's founding capital, the voting rights to which the partners are entitled, and the nature and amount of the capital contributed by the partners;
- 4) changing the nature of the partnership's activities specified in the original permit.

5.4. The permit is granted by the Chairman of the Agency upon the request of the interested entities.

5.5. Foreign-exchange operations [by the partnerships] referred to in Paragraphs 1 and 3 above do not require a separate foreign-exchange permit.

Article 6.1. The permit is not issued if engaging in economic activity is counterindicated by:

- 1) threat to the economic interests of the state;
- 2) requirements of environmental protection;
- 3) national security and national defense, as well as protection of state secrets.

5.2. The refusal to grant the permit, when based on reasons referred to in Subparagraph 1, Points 1 and 3, does not have to be accompanied by a rationale.

5.3. The interested entities have the right to appeal to the Chairman of the Agency for reconsidering the matter within 14 days from the date of the rejection of their application.

5.4. The decision to decline granting the permit is not subject to appeal to the Supreme Administrative Court.

Article 7. If engaging in the economic activity specified in the permit requires a franchise pursuant to separate regulations, the permit is granted in cooperation with the appropriate franchise office.

Article 8.1. The Chairman of the Agency may condition granting the permit on the initiation by the foreign entity of economic activity in cooperation with a Polish entity, and on the apportionment of specific proportions of the partnership's founding capital to each partner.

8.2. In economically justified cases the Chairman of the Agency may permit the procurement of the founding capital of the joint-stock company by means of a public subscription of shares, on specifying the proportions allocated to Polish and foreign entities. In such cases the provisions of Article 5, Paragraph 3, Points 1) and 2), do not apply. The provisions of Article 10, Paragraph 1, Point 1) and Article 11, Paragraph 1, Point 1), apply correspondingly.

## Chapter 2. Formation of Partnerships

Article 9. Persons forming a partnership may freely determine their mutual relations as well as the internal relations of the partnership in the founding charter of the partnership, unless provisions of the Commercial Law Code or this Decree specify otherwise.

Article 10.1. The application for the permit should specify:

- 1) the partners;
- 2) the nature and scope of the economic activity of the partnership, including exports and imports;
- 3) the anticipated period of activity of the partnership;

4) the resources needed to activate the partnership, including the size of the founding capital;

5) the proportions in which the discrete partners are to contribute to the founding capital, and the form of these contributions;

6) the seat of the partnership and the expected siting of the plant or factory.

10.2. The application referred to in Paragraph 1 should be appended with:

1) draft of the founding charter of the partnership, as required by provisions of the Commercial Law Code;

2) documents showing the legal situation and assets of the future partners;

3) an economic and financial assessment study of the proposed partnership.

10.3. The documents referred to in Paragraph 2 are submitted in Polish or foreign language—if in the latter, together with a certified translation into Polish.

10.4. The decision on granting the permit is issued within a period not exceeding 2 months from the date of submission of the application.

Article 11.1. The permit specifies:

1) the partners, the name and seat of the partnership, the siting of its plants or factories, and the nature and scope of activities of the partnership;

2) the proportions in which discrete partners are to contribute to the founding capital of the partnership, and the form of these contributions;

3) other terms which the partnership must meet in the course of its operations;

4) the period of validity of the permit.

11.2. In the event that it plans to change the siting of its plants or factories, the partnership notifies accordingly the Chairman of the Agency. If there is no opposition within a month, this implies consent to the change in siting.

Article 12.1. The partnership is subject to being registered in a registration court, pursuant to the provisions governing the Commercial Registry.

12.2. The application for inclusion in the Registry must be accompanied with a copy of the permit.

Article 13. The governing board of the partnership is obligated to notify the Chairman of the Agency about the registration of the partnership within 2 weeks from the date of said registration, upon transmitting a copy of the court registration along with a copy of the founding charter of the partnership.

Article 14. The office issuing the permit has the right to enter the seat of the partnership and its plants or factories and to inspect their books and accounts with the object of verifying whether the activities of the partnership are consonant with the terms specified in the permit.

Article 15. If the partnership engages in activities conflicting with the terms specified in the permit, the office issuing the permit notifies the partnership to eliminate the attendant discrepancies within a designated period of time, and in the event of the partnership's failure to do so, this office may restrict the scope of the permit or rescind it.

Article 16.1. Contributions to the founding capital of the partnership may be made in both monetary and non-monetary forms.

16.2. Contributions by foreign entities may be made in:

1) monetary form—in foreign currencies or in zlotys deriving from documented exchange of these currencies;

2) in nonmonetary form—on condition that they derive from countries other than Poland or are acquired for zlotys derived from documented exchange of foreign currencies.

16.3. A contribution by a foreign entity with seat in, or domiciled in, one of the countries of the Council for Mutual Economic Assistance may also be made in the form of transfer rubles or in the national currency of that country, pursuant to the related agreements binding upon the Polish People's Republic.

16.4. The aggregate value of contributions by foreign entities to the founding capital of the partnership may not be below 25 million zlotys. This amount is subject to adjustment depending on the change in the exchange rate of the zloty in relation to the foreign currency in which the contribution is made.

16.5. Contributions by Polish entities may be made in monetary form, in zlotys or in a foreign currency, as well as in nonmonetary form. Rights to state-owned real estate may be contributed to the partnership in consonance with the scope and guidelines of the provisions governing the management of state-owned land.

16.6. The value and kind of nonmonetary contributions should be specified in the founding charter of the partnership. On demand by the office issuing the permit, the

value of such contributions may be verified by independent experts. If the verification shows that the market value of a contribution is lower than that specified in the application for the permit, the expense of the verification will be charged to the contributor.

16.7. Contributors to the founding charter of the partnership should be named in the pertinent documents.

### Chapter 3. Managing the Partnership

Article 17.1. With the object of determining profits, the operating cost of the partnership includes the depreciation of fixed capital, including that of the rights permanently linked to the leased land, as well as the depreciation of nonmaterial assets in the amount ensuing from depreciation rates and on the basis of the guidelines applying to state enterprises.

17.2. The depreciation credit is kept by the partnership.

17.3. The profits of the partnership represent, after deducting from them the income tax due, the profits for distribution.

17.4. Eight percent of the profits for distribution are deducted for the sinking fund to cover the balance-sheet liabilities. The partnership may dispense with this deduction if the size of the sinking fund reaches 4 percent of its operating cost for the year concerned.

17.5. The profits due to partners are distributed proportionately to their share in the founding capital of the partnership. Any other agreement requires approval by the Chairman of the Agency.

Article 18.1. The Minister of Finance specifies the general accounting rules to be followed by the partnerships, with allowance for the requirements of the Commercial Law Code.

18.2. The yearly balance sheet of the partnership is audited, within 3 months from the date of its submission, by the appropriate office of the Minister of Finance or by an entity selected by the partnership and authorized by the Minister of Finance to audit that balance sheet. The cost of the audit is charged to the partnership.

18.3. The balance sheet is considered audited if the office referred to in Paragraph 2 does not notify the partnership within the subsequent 3 months that it has reservations about the submitted balance sheet. Once the partnership adjusts the balance sheet accordingly, the balance sheet is considered audited.

18.4. The audited profits of the partnership, as specified in its annual report, represent the basis for determining the part of profits which the foreign partner may transfer abroad pursuant to the provisions of this Decree.

Article 19.1. The partnership sells to a Polish foreign-exchange bank 15 percent of its income in foreign currencies from exports. This duty does not apply to income gained from sales of the partnership's assets or means of production for the purpose of replacing them. In economically justified cases the Agency may specify in its permit a lower sales fee.

19.2. The income in foreign currencies retained by the partnership from the sales referred to in Paragraph 1 may be used by the partnership to acquire goods and services abroad for its own operations without requiring a separate foreign-exchange permit.

Article 20.1. The partnership may, without requiring a separate foreign-exchange permit, distribute profits in foreign currencies gained by the partnership in the form of a surplus of income from exports over expenditures on imports.

20.2. The foreign partner has the right to transmit abroad the profits referred to in Paragraph 1 without having to apply for a separate foreign-exchange permit.

20.3. The Polish partner has the right to transmit the profits referred to in Paragraph 1 to his own foreign-exchange account in a Polish foreign exchange bank.

20.4. In economically justified cases the Minister of Finance may permit the foreign partner to transmit abroad profits exceeding the limit specified in Paragraph 1. Such permission may be incorporated in the permit for establishing the partnership.

20.5. The foreign partner may, with the caveat of Paragraph 6 below, freely dispose on the territory of the Polish People's Republic of the profits due him in zlotys without having to apply for a separate foreign-exchange permit.

20.6. The acquisition of real estate by a foreign partner with the profits due him requires a separate foreign-exchange permit.

Article 21.1. Partners have the right to avail themselves of the profits due them with the object of augmenting the founding capital of the partnership without having to apply for a separate permit, so long as this does not alter the proportion of shares specified in the permit for establishing the partnership.

21.2. The foreign partner has the right, after paying the appropriate taxes, to transmit abroad the monies obtained from sale of his share or stock in the partnership as well as the monies due him, in the event of dissolution of the partnership, without having to apply for a separate foreign-exchange permit.

21.3. In the event that the monies referred to in Paragraph 2 are paid in zlotys, they may be transferred abroad after 10 years from the date of registration of the partnership.

21.4. The Minister of Finance may, in particularly justified cases, consent to an earlier transfer by the foreign partner of the monies referred to in Paragraph 3.

Article 22.1. The financial capital of the partnerships is kept in accounts maintained by them in the Polish foreign exchange banks they select.

22.2. The banks referred to in Paragraph 1 shall, upon the request of the partnership, open and maintain accounts of the partnership in zlotys and in foreign currencies, and they may grant loans to the partnership.

22.3. The partnership may, upon obtaining a foreign-exchange permit, maintain accounts in foreign banks.

22.4. The partnership may borrow foreign loans without having to apply for a separate foreign-exchange permit.

22.5. The banks referred to in Paragraph 1 may guarantee the obligations of the partnership pursuant to the regulations in force.

22.6. The Minister of Finance, when requested by the concerned foreign partner, guarantees that partner the payment of compensation for his share in the partnership's assets in the event of a loss due to the decision of the state bodies to nationalize or expropriate the partnership or to apply other measures tantamount to nationalization and expropriation.

Article 23.1. The partnership may acquire domestic goods and services for foreign currencies from the authorized entities.

23.2. As part of its economic activity, the partnership may sell domestically goods and services for foreign currencies, entirely or partially, upon obtaining a foreign-exchange permit.

23.3. Partnerships may sell foreign currencies within the framework of currency bargaining organized on the basis of separate regulations.

Article 24. Domestic supplies of producer goods for the partnerships are provided on the basis of the guidelines and procedure applying to entities of the socialized sector.

Article 25. State enterprises may sell fixed assets to the partnerships and grant to them limited property rights to these assets.

Article 26.1. Partnerships may be provided with state-owned land:

1) for perpetual use pursuant to the guidelines of the regulations governing the management of state-owned land;

2) on the basis of a lease.

26.2. partnership may acquire or lease land and other real estate that is not state-owned, with allowance for the regulations in force.

#### Chapter 4. Taxes and Fees

Article 27.1. The partnership pays the following taxes: turnover, income, wage, real estate, and local. In addition it pays fees to the Treasury of State and to the gmina [township] or municipal fund. It is eligible for exemptions and discounts pursuant to the guidelines applying to legal entities which do not belong to the socialized sector, provided that:

1) the partnership's income tax accounts for 40 percent of its taxation base;

2) the following are deducted from the taxation base:

a) outlays on investments whose nature will be specified by the Council of Ministers through an ordinance;

b) donations for socially useful purposes, including donations to the social organizations and foundations sited in the Polish People's Republic.

3) the income tax rate is subject to reduction by 0.4 percent for each additional 1 percent of income from exports of goods and services in relation to the aggregate operating income minus the turnover tax, with the proviso that the income tax still due after these deductions should be not lower than 10 percent of the taxation base.

27.2. The size of the donations referred to in Paragraph 1, Point 2), b), may not exceed 10 percent of income.

Article 28.1. The income of the partnership is exempt from income tax for the first 3 years of its operation. The date of commencement of operation is considered to be the date of the first invoice issued.

28.2. The partnership may obtain exemption from income tax for a longer period, but for not more than 3 additional years, if it engages in economic activity in preferential domains defined by the Council of Ministers. The duration of the additional exemption is specified in the permit by the Chairman of the Agency.

Article 29. The income of the foreign partner is subject to a 30 percent income tax unless otherwise specified by the international agreements binding upon the Polish People's Republic. The tax is withheld by the partnership as the payee by the procedure specified in separate

regulations, as a deduction from profits. The tax due on income paid in foreign currencies is paid in zlotys deriving from documented exchange of these currencies.

Article 30.1. Exemptions from import duties and other fees with consequences similar to these duties are granted for:

1) objects representing the nonmonetary contribution of partners to the founding capital of the partnership, meaning objects such as machinery, equipment, facilities, and other resources intended for engaging in the economic activity specified in the permit;

2) machinery, equipment, facilities, and other resources intended for engaging in the economic activity specified in the permit, when acquired by the partnership, or by entities acting on its behalf, within 3 years from the date of establishment of the partnership.

30.2. Objects belonging to the foreign partner are exempted from export duties in the event of dissolution of the partnership.

30.3. The partnership is entitled to reimbursement of export duties on the same basis as state-owned enterprises.

#### Chapter 5. Employment

Article 31.1. Employment, labor relations, and working conditions at the partnership, the welfare and social security of employees, and the activities of trade unions, are governed by Polish law.

31.2. The partnership may employ persons who lack Polish citizenship or a permit for permanent residence in Poland, provided that it obtains the consent of the local voivodship-level state administration office whose competences include employment.

31.3. Persons delegated by the foreign partner, upon the consent of the partnership, may be active at plants and factories of the partnership without requiring the consent referred to in Paragraph 2, provided that they are not employees of the partnership.

Article 32.1. The rules for remunerating employees of the partnership are defined in the founding charter of the partnership or by the resolutions of its management.

32.2. The remuneration of employees of the partnership is fixed and paid in zlotys, with the proviso of Paragraph 3.

32.3. Employees who are foreigners as construed by the foreign exchange law may receive part of their remuneration in foreign currencies out of the foreign exchange

funds of the partnership. Said part of remuneration may be, upon the request of the employee, transferred abroad by the partnership without having to apply for a separate foreign exchange permit.

32.4. The remuneration of employees who are foreigners as construed by the foreign exchange law is subject to a 30-percent tax to be paid in the currency of the remuneration, unless specified otherwise in the international agreements binding upon the Polish People's Republic. The tax is withheld by the partnership as the payee by a procedure specified by separate regulations. The tax due on remuneration paid in a foreign currency is payable in Polish zlotys deriving from a documented exchange of that currency.

32.5. The taxing of the remuneration paid to Polish employees of the partnership is based on the guidelines of the regulations applying to employees of nonsocialized labor establishments.

#### Chapter 6. Transfer of Rights Ensuing From Participation in the Partnership and Dissolution of the Partnership

Article 33.1. If the sale of shares in the partnership is due to execution of a court judgment, the partnership may, within 2 months from the date it receives the notice ordering the sale, specify the person who will acquire the shares for a price to be fixed by a court after it consults experts, upon the partnership's recommendation.

33.2. Failure to request fixing that price within the period specified in Paragraph 1, as well as failure to pay that price by the person named by the partnership within a month from the date the partnership is notified of that price, or within a month from the date a permit to replace a partner is obtained—depending on which of these periods comes second—results in selling the shares by the procedure specified in the execution of a court judgment, with the caveat of Article 5, Paragraph 3, Point 2).

Article 34. In the event of dissolution of the partnership, unless the founding charter specifies otherwise, the Polish partners have priority to acquiring the objects and rights constituting the capital of the partnership.

Article 35. In the event the dissolution of a partnership is announced during a period when it is exempt from taxation, as well as within 3 years from the expiration date of the period of exemption referred to in Article 28, Paragraphs 1 and 2, the partnership is obligated to pay the taxes for the period covered by the exemption. In this event, the tax obligation arises at the moment the dissolution of the partnership is announced.

## Chapter 7. Special, Interim, and Final Provisions

Article 36. The regulations applying to entities of the socialized sector do not apply to partnerships, unless otherwise specified in this Decree.

Article 37.1. Partnerships may associate themselves in the Chamber of Industry and Commerce of Foreign Investors as well as in other Polish economic chambers.

37.2. The Polish-Polonia Chamber of Industry and Commerce, established by the Decree of 6 July 1982 Governing the Conduct of Economic Activity in Petty Industry by Foreign Legal Entities and Individuals on the Territory of the Polish People's Republic (DZ. U., 1985, No 13, Item 58), is henceforth renamed the Chamber of Industry and Commerce of Foreign Investors, hereinafter referred to as the "Chamber." The current foreign members of the Polish-Polonia Chamber of Industry and Commerce may confirm their membership in the new Chamber within a period of 3 months from the effective date of this Decree.

37.3. The Chairman of the Agency exercises supervision over the Chamber and approves its statute. The Chairman of the Agency may decline to approve that statute if its provisions violate provisions of law.

37.4. The purposes of the Chamber include, in particular:

- 1) representing the economic interests of its members and taking steps to protect these interests;
- 2) granting to its members assistance in resolving the economic, organizational, and legal problems relating to the inception and conduct of economic activity.

37.5. The specific purposes and operating principles of the Chamber, its bodies, the procedure for appointing them, its scope of action, and the rules of its financial management, are defined in its statute.

37.6. The Chamber is a legal entity.

37.7. If the activities of a body of the Chamber markedly violate the law or the provisions of its statute, the agency exercising supervision over the Chamber may designate a suitable period of time for eliminating these irregularities or demand a change in the membership of that body within a designated period of time. Should that period elapse without results, the supervisory agency may suspend that body of the Chamber and appoint a suitable interim body until a new body is appointed by the procedure specified in the Chamber's statute.

Article 38.1. This Decree does not apply, with the caveat of the provisions of Paragraphs 2-4 of this Article, to an international enterprise, unless the international agreement specifies otherwise.

38.2. If the international agreement provides that the international enterprise or its branch with a seat on the territory of the Polish People's Republic is a legal entity, that enterprise or its branch is subject to recording in the Commercial Registry.

38.3. Recording in the Commercial Registry occurs upon the request of the concerned department of the international enterprise or its branch. The basis for registration is a certified copy of the Polish text, or a certified translation into Polish, of the agreement to establish the international enterprise or its branch. Attached to the copy of the agreement should be a list of the names of members of the management and authorized representatives of that enterprise or its branch.

38.4. The registration of international enterprises or their branches is governed by the provisions concerning the commercial registration of joint-stock companies with limited responsibility, upon taking into account the terms of the international agreement.

Article 39.1. Foreign entities operating on the basis of the Decree referred to in Article 37, Paragraph 2, may, upon permission, contribute their current enterprises or parts thereof, as well as the objects, rights, or liquid capital deriving from these enterprises, as their share to partnerships operating on the basis of this Decree.

39.2. The permission referred to in Paragraph 1 may be granted after the foreign entity meets the requirement of including as part of the enterprise or part thereof that it is contributing as its share, a foreign exchange contribution amounting to at least US\$50,000.

39.3. The application for the aforesaid permission should specify how the foreign entity will meet obligations to its creditors in connection with its conduct of the contributed enterprise. Granting that permission may be made contingent on the assurance of a suitable satisfaction of the claims of creditors.

Article 40.1. Joint-stock companies with limited responsibility and shareholding companies established pursuant to the Decree referred to in Article 37, Paragraph 2, may upon a permit being issued, transform themselves into partnerships operating pursuant to the present Decree.

40.2. The permit may be granted after the requirement specified in Article 39, Paragraph 2, is met.

Article 41. Foreign entities may, upon a permit being issued, acquire shares or stocks in existing joint-stock companies operating under Polish law that are not companies with the participation of foreign capital, on condition that these entities will augment the operating capital of said companies. Once the higher operating capital is entered in the Commercial Registry, the provisions of the present Decree apply to such companies.

Article 42.1. The permits referred to in Article 39, Paragraph 1, Article 40, Paragraph 1, and Article 41, are granted by the Chairman of the Agency.

42.2. The provisions of Articles 6 and 10 apply correspondingly to the applications for the permits referred to in Paragraph 1.

42.3. Assuming that the site and nature of the operations specified in the previous permit remain the same, the permits referred to in Article 39, Paragraph 1, and in Article 40, Paragraph 1, are granted after the applicant meets the requirement defined in Article 39, Paragraph 2, and submits a draft founding charter of the partnership that meets the requirements of this Decree.

Article 43. The partnerships formed by the procedure referred to in Articles 39, 40, and 41, are not subject to the provisions of Article 28, Paragraph 1.

Article 44.1. The joint-stock companies with foreign participation established pursuant to the Decree of 23 April 1986 on Joint-Stock Companies with Foreign Participation (DZ. U., 1986, No 17, Item 88; and 1987, No 33, Item 181) and operating on the day the present Decree becomes effective become partnerships as construed by the present Decree.

44.2. The Chairman of the Agency shall, within 3 months from the date this Decree becomes effective, adapt previous permits to the provisions of the present Decree.

Article 45. In terms of administrative proceedings the Chairman of the Agency is the superior body with respect to voivodship-level local bodies of state administration with special competences, as regards the decisions issued by these bodies pursuant to the Decree referred to in Article 37, Paragraph 2.

Article 46. The following revisions are hereby introduced in the Decree of 24 March 1920 on the Acquisition of Real Estate by Foreigners (DZ.U., 1933, no 24, Item 202):

1) In Article 1:

- a) the previous text is designated as Paragraph 1;
- b) the expressions "and both by individuals and by legal entities" is deleted;
- c) the following Paragraphs 2 and 3 are incorporated:
  - "2. A foreigner as construed by this Decree is:
    - "1) an individual who lacks Polish citizenship;
    - "2) a legal entity with its seat abroad;

"3) a legal entity domiciled on the territory of the Polish People's Republic but directly or indirectly controlled by a person or entity referred to in Points 1) and 2).

"3. In the case of a commercial joint-stock company, it is considered to be controlled by the persons or entities referred to in Points 1) and 2) of Paragraph 2 if they own directly or indirectly at least 50 percent of the operating capital."

2) In Article 3 the second sentence is reworded: "The permit is valid for one year."

Article 47. Pursuant to the Decree of 19 December 1980 on Tax Obligations (DZ.U., No 27, Item 111; 1982, No 45, Item 289; 1984, No 52, Item 268; and 1985, No 12, Item 50), in Article 47 the expression "joint-stock companies with limited responsibility" is deleted from the first sentence, and the second sentence is entirely deleted.

Article 48. The following revisions are introduced in the Decree of 16 December 1972 on the Income Tax (DZ. U., 1988, No 4, Item 37):

1) Article 2, Paragraph 2, is complemented with the following sentence: "This obligation does not, however, apply to individuals temporarily sojourning on the territory of the Polish People's Republic with the object of getting employed by the enterprises operating pursuant to the Decree of 6 July 1982 on the Guidelines for Foreign Legal Entities and Individuals Engaging in Economic Activity in Petty Industry on the Territory of the Polish People's Republic (DZ. U., 1985, No 13, Item 58) or by the partnerships formed pursuant to the Decree of 23 December 1988 on Economic Activity with the Participation of Foreign Entities (DZ. U., No 41, Item 325)";

2) In Article 10, Paragraph 1, of the aforesaid Decree of 16 December 1972 the following Point 22) is added:

"Point 22) part of the incomes of the persons referred to in Article 2, Paragraph 1, as derived from their participation in a joint-stock company operating on the territory of the Polish People's Republic, insofar as said part is expended on investments relating to economic activity, acquisition of shares or stocks in the joint-stock companies operating on the territory of the Polish People's Republic, or acquisition of securities issued by authorized Polish entities."

3) The following text is incorporated in Article 11:

- a) in Paragraph 2 the expression "on condition that the circumstances mentioned in Paragraph 3 do not occur" is deleted;
- b) Paragraph 3 is deleted;

4) In Article 14, Point 7), the following sentence is added: "This provision does not apply to the joint-stock companies operating pursuant to the provisions of the Decree of 6 July 1982 on Foreign Legal Entities and Individuals Engaging in Economic Activity and Petty Industry on the Territory of the Polish People's Republic (DZ.U., 1985, No 13, Item 58) and the Decree of 23 December 1988 on Economic Activity with the Participation of Foreign Entities (DZ. U., No 41, Item 325)";

5) In Article 20:

a) in Paragraph 3 the expression "with the exception of those specified in Paragraph 5" is deleted;

b) in Paragraph 4 the expression "with the proviso of Article 5" is deleted;

c) Paragraph 5 is deleted.

Article 49. The following revisions are introduced in the Decree of 6 July 1982 on Foreign Legal Entities and Individuals Engaging in Economic Activity in Petty Industry on the Territory of the Polish People's Republic (DZ. U., 1985, No 13, Item 58):

1) Articles 3-5 are deleted;

2) In Article 8, Paragraph 2, the expression "local body of state administration with general voivodship-level competences" is replaced with "local body of state administration with specific voivodship-level competences";

3) In Article 8, Paragraph 6, the expression "Minister of Foreign Trade" is replaced with "Chairman of the Agency for Foreign Investments";

4) Article 9 is reworded as follows:

"Article 9. 1. The foreign economic entity is obligated to appoint an authorized representative with full powers to represent it vis a vis the Polish bodies of state administration and in legal relations with Polish entities insofar as this relates to the conduct of activity pursuant to the present Decree. Such an authorized representative may be a Polish citizen or an authorized Polish legal entity with permanent residence or seat in Poland.

"9.2. Appointing a representative is not required when:

"1) The foreign economic entity has a permanent residence or seat on the territory of the Polish People's Republic;

"2) the foreign economic entity is a legal entity and maintains a branch office on the territory of the Polish People's Republic;

"3) the activities of the foreign legal entity consist exclusively in participating in a joint-stock company that is a legal entity and has its seat in Poland.

"9.3. The state administration office authorized to issue permits may refuse to inscribe in the permit the name or appellation of the aforesaid authorized representative owing to considerations of state security or of protection of state secrets.

"9.4. The refusal to grant a permit for the reasons referred to in Paragraph 3 does not require a rationale.

"9.5. In the event of recall, death, or resignation of the authorized representative and the failure of the foreign economic entity to designate his successor within 1 month, the office issuing the permit applies to a court for designating a curator to manage the day-by-day operations of the enterprise.

"9.6. The person referred to in Paragraph 5 ceases to be active on the day on which the name or appellation of the authorized representative referred to in Paragraph 1 is entered in the permit";

5) In Article 14 the following Point 5) is added:

"5) The name and surname or appellation of the authorized representative, with the proviso of the provisions of Article 9, Paragraph 2";

6) In Article 16, Paragraph 5, the expression "the plenipotentiary" is replaced with "the Chairman of the Agency for Foreign Investments";

7) Article 19 is reworded as follows:

"Article 19. Decisions on issuing permits for the conduct of economic activity as covered by the provisions of this Decree may be appealed to the Supreme Administrative Court in accordance with the guidelines and procedure specified in the Code of Administrative Proceedings, except for the permit refusals issued owing to considerations of state security or protection of state secrets";

8) Article 22 is reworded as follows:

"Article 22. 1. The employment, labor relations, and working conditions at the enterprise, along with the welfare and social security of employees and the activities of trade unions, are governed by Polish law.

"22.2. The enterprise may employ persons lacking Polish citizenship or a card authorizing their permanent residence in Poland, provided that these persons obtain the consent of the local office of state administration with specific voivodship-level competences regarding employment";

9) Article 23 is reworded as follows:

"Article 23.1. Employees who are foreigners as construed by the foreign exchange law may receive part of their emoluments in foreign currencies from the enterprise's foreign exchange funds. That part of emoluments may be, on the request of the employee, transferred abroad by the enterprise without having to apply for a separate foreign exchange permit.

"23.2. The emoluments of employees who are foreigners as construed by the foreign exchange law are subject to a 30-percent tax payable in the foreign currency concerned, unless the provisions of the international agreements binding upon the Polish People's Republic specify otherwise. The tax is withheld, by a procedure defined by separate regulations, by the enterprise as the payee. This tax due on emoluments paid in foreign currency is payable in Polish zlotys deriving from documented exchange of that currency";

10) In Article 26, Paragraph 2, the expression "the Minister of Foreign Trade and the Minister of Internal Commerce" is replaced with "the Ministers of Foreign Economic Cooperation and of the Domestic Market";

11) Article 27 is reworded as follows:

"Article 27. 1. The enterprise sells to a Polish foreign exchange bank 30 percent of its export income in foreign currencies.

"27.2. The income in foreign currencies remaining after the sale referred to in Paragraph 1 may be used by the enterprise to acquire goods and services abroad for its own operations without having to apply for a separate foreign exchange permit.

"27.3. The enterprise may acquire domestic goods and services for foreign currencies from the authorized entities";

12) In Article 30:

a) Paragraph 1 is reworded as follows:

"1. Foreign economic entities may each year transfer abroad a part of their income amounting to:

"1) 10 percent of the investment capital contributed in convertible currencies by these entities;

"2) the surplus of export income in convertible currencies, retained after the sale referred to in Article 27, over the expenditures on imports, provided that the aggregate amount of funds thus transferred abroad may not be higher than the income attained in the previous tax year after paying the income tax";

b) Paragraph 3 is deleted;

13) In Article 32 the expression "the Minister of Interior Commerce and Services in cooperation with the Minister of Finance and the Minister of Foreign Trade" is replaced with "the Minister of the Domestic Market in cooperation with the Ministers of Finance and Foreign Economic Cooperation";

14) Articles 35-37 are reworded as follows:

"Article 35. Enterprises may lease state-owned real estate.

"Article 36. The foreign owner of an enterprise may lease real estate for his personal use on the same principles as a Polish citizen. His expenditures on this purpose may be defrayed from income obtained as a result of economic activity conducted in Poland.

"Article 37. The dissolution or liquidation of a foreign enterprise and an enterprise with the participation of foreign capital is subject to the corresponding provisions of the Civil Law Code and the Commercial Law Code";

15) The following Articles 39-41 are added:

"Article 39.1. On the basis of the permit granted to an individual to engage on his own in economic activity, that activity may, following his demise, be continued by an authorized representative on behalf of the heirs until a curator is appointed.

"39.2. In the event of the demise of the person referred to in Paragraph 1, the heir (or legatee) or the office issuing the permit applies to a court to appoint a curator to exercise the functions referred to in Article 9, Paragraph 1.

"39.3. The curator exercises his functions until such time when a permit is granted to the heir (or legatee) who has demonstrated his right to the enterprise by inheritance (legacy) or until the expiration of the permit.

"39.4. In the event of the demise of a person owning a share in a partnership that lacks legal entity, the partnership may be operated by the remaining partners or partner if at least one partner is a foreign economic entity.

"39.5. The proper office for permits may refuse to grant a permit to the heir (legatee) or to inscribe his name in the permit granted to a partnership that is not a legal entity, for reasons specified in Article 8, Paragraph 3, Point 2)."

"Article 40. Foreign economic entities and enterprises with foreign participation are subject to taxation pursuant to the provisions governing the taxation of individuals and legal entities that are not entities of the socialized sector, with the proviso that:

"1) the income tax rate is fixed in the amount of 50 percent of income;

"2) the taxation base can be reduced by subtracting donations for useful social purposes, which also applies to donations to social organizations and foundations having their seat in the Polish People's Republic, provided that the aggregate amount of these donations may not exceed 10 percent of income;

"3) the income tax rate is subject to an 0.4 percent reduction for each 1 percent of export sales of products and services in relation to the overall volume of sales minus the turnover tax;

"4) the Council of Ministers may, by issuing an order, specify other reductions of income tax depending on the nature of economic activity, and the conditions for their applicability;

"5) the income tax due after the reductions referred to in Points 3) and 4) are subtracted, may not be lower than 25 percent of income;

"6) tax exemptions for investments are fixed at the level of 50 percent of the funds spent on investments.

"Article 41.1. This Decree [of 16 December 1972, on the Income Tax] may serve as the basis for granting permits to establish new enterprises only with respect to applications submitted before 1 January 1989."

"41.2. The provisions of Paragraph 1 also apply to applications for extensions of permits."

Article 50. The position of the Government Plenipotentiary for Foreign Petty Industry Enterprises is hereby abolished.

Article 51. The following changes are introduced in the Decree of 3 December 1984—the Budget Law (DZ. U., No 56, Item 283; 1985, No 59, Item 296; 1986, No 42, Item 202; 1987, No 33, Item 181; and 1988, No 19, Item 131):

1) In Article 19 Point 4) of Paragraph 2 is reworded as follows:

"4) the turnover and income taxes payable by individuals and legal entities domiciled abroad, foreign economic entities engaging in economic activity on the territory of the Polish People's Republic, and the partnerships formed by these entities or with their participation on the territory of the Polish People's Republic";

2) In Article 20 Point 4) of Paragraph 3 is reworded as follows:

"4) the turnover and income taxes payable by individuals and legal entities domiciled abroad, foreign economic entities engaging in economic activity on the

territory of the Polish People's Republic, and the partnerships formed by these entities or with their participation on the territory of the Polish People's Republic".

Article 52. The Minister of Foreign Economic Cooperation shall publish in *DZIENNIK USTAW* the uniform text of the Decree on the Conduct of Economic Activity in Petty Industry by Foreign Legal Entities and Individuals, with allowance for the changes ensuing from the regulations published previously and upon applying a continuous numbering of articles, paragraphs, points, and alphabetically ordered letter designations.

Article 53. The Decree of 23 April 1986 on Joint-Stock Companies with Foreign Participation (DZ.U., No 17, Item 88, and 1987, No 33, Item 181) is hereby voided.

Article 54. The present Decree is effective as of 1 January 1989.

For the Chairman of the Council of State: K. Barcikowski.

Secretary of the Council of State: Z. Surowiec.

#### **ZYCIE GOSPODARCZE 'Briefs' Columns**

26000427 Warsaw *ZYCIE GOSPODARCZE* in Polish No 10, 5 Mar 89; No 11, 12 Mar 89; No 12, 19 Mar 89

[Excerpts from a weekly news roundup column: "Last Week"]

[No 10, 5 Mar 89 p 2]

[Text]

#### **In Poland**

As of 1 March the official prices of pork on hoof were raised by an average of 19 percent; beef on hoof, 10 percent; and sugar beets, 15 percent. The increases are intended to counteract the decline in livestock population and in the cultivation of sugar beets.

As of 1 March, also, official retail prices of lower-grade meat and cured meats were increased, e.g., for smoked pork, to 980 from 890 zlotys per kg; for ribs, to 210 from 200 zlotys per kg; and for frankfurters, to 390 from 360 zlotys per kg.

Also as of 1 March new rental fees for billeted housing, privately owned housing, rental housing, and housing maintained by plants and factories, have been introduced. The new rental fee per square meter of dwelling area amounts to 17-55 zlotys depending on the housing grade (previously 10.5-33 zlotys). [passage omitted]

As declared by Minister of National Defense Army General Florian Siwicki in an interview broadcast on 26 February by Polish Television, the personnel of our armed forces will be reduced by 40,000 during the next 2

years. In addition, about 850 tanks, 900 cannon and mortars, 700 armored transporters, 80 combat aircraft, and many other kinds of military equipment, will be retired. More than 30 territorial defense, engineer, and rail-and-road army units will be converted to civilian defense formations which will perform production and service tasks, chiefly for the national economy, including service in hospitals. [passage omitted]

As of 1 March the National Bank of Poland will gradually introduce in circulation bank notes in the denomination of 20,000 zlotys showing the face of Maria Curie-Sklodowska.

#### Abroad

[passage omitted] The Council of Ministers of the European Communities granted the EEC Commission a mandate to negotiate an economic agreement with Poland. This decision was taken following four rounds of talks between the Commission's representatives and Polish negotiators. The EEC is amenable to a broad agreement with Poland (encompassing not only trade but cooperation), even though, as it has indicated earlier, it is not to be as broad as the agreement with Hungary, which in many ways receives preferences and was signed already last September. It is opposed to including financial and credit provisions in the agreement, on the grounds that they do not belong within its scope of competences, even though these provisions had been requested by the Polish side.

A protocol defining the scope of Polish-Chinese scientific and technical cooperation for the next 2 years was signed in Poland.

The aggregate foreign indebtedness of the six socialist countries of Europe and the Soviet Union reaches US\$130 billion, according to the Soviet weekly ARGUMENTY I FAKTY. For the individual countries this indebtedness is as follows, in billions of US\$: the USSR, 40.1; Poland, 38.7; the GDR, 19.1; Hungary, 17; Bulgaria, 6.9; Czechoslovakia, 5.2; and Romania, 3.1 billion. The six abovenamed countries are keeping more than US\$30 billion in the banks of West Europe, of which: the USSR, US\$14.2 billion and the GDR, US\$9.2 billion. In order to repay its indebtedness, Poland must allocate for this purpose the income from exports for 4.35 years. In comparison, for other countries this indicator is as follows: Hungary, 2.88 years; Bulgaria, 1.8 years; the GDR, 11.5 months; Czechoslovakia, 8 months; and the USSR, 5 months.

The financial recovery of the USSR is the chief prerequisite for a successful socioeconomic development of that country. This opinion was voiced by the participants in the discussion organized in Moscow with the participation of leading experts of the USSR Ministry of Finance and the USSR Gosbank, as well as of well-known Soviet economists. In their opinion, the further expansion of the radical economic reform is largely

impeded by the unstable financial situation, which is due to the deficit of the state budget. It is necessary, Academician Leonid Abalkin emphasized, to revise the investment policy in the direction of markedly curtailing the construction of new enterprises. The shutdown of unprofitable and relatively unprofitable plants in all subsectors of the economy would serve to close off yet another source of waste of financial resources. Vice Chairman of the Governing Board of the USSR Gosbank Vyacheslav Zakharov pointed to the need to change the mandatory interest rate level, which should serve to utilize banking funds more effectively. While declaring that the utilization of the Gosbank's capital by the state budget is definitely admissible, he stressed that a ceiling should be placed on the state's borrowing of funds from the nation's central bank. The session participants mentioned among the possible ways of augmenting the state's revenues a marked expansion of the output of goods and services and the development of a market in securities.

In Brussels were held preliminary EEC-USSR talks on an agreement for trade and cooperation (including environmental protection, power industry, and transport) as well as on an eventual subsector agreement on textiles and an eventual overall agreement on fisheries. The other day the USSR named its first ever ambassador to the EEC.

The economics daily JINGJI RIBAO advocated introducing a 5-day workweek in China.

A circular issued by the State Planning Commission and the Investment Monitoring Office prohibits the construction of any new investment projects in China for the first 6 months of this year. It exempts only investments in agriculture, forestry, education, production of artificial fertilizers and export goods, and housing construction, as well as investments specified in contracts with foreign partners. [passage omitted]

[No 11, 12 Mar 89 p 2]

[Text]

#### In Poland

[passage omitted] As of 6 March the prices of cigarettes increased by 15 percent on the average. "Popularne" now cost 55 instead of 45 zlotys, while "Carmen" and "Caro" now cost 20 zlotys more. Imported cigarettes likewise have increased in price by an average of 15 percent. [passage omitted]

On 28 February the Politburo of the PZPR Central Committee evaluated the country's sociopolitical situation at a joint session with the Government Presidium. The course so far of the roundtable talks was evaluated. Reports on the accomplishments of the already completed PZPR voivodship reports conferences were presented. According to the PAP communique, the participants in the voivodship conferences frequently voiced

their apprehensions about the consequences of the persisting unrest, strikes, and acquiescence to wage demands that are not justified by economic results. [passage omitted]

On 3 March ended the collective dispute, lasting since July 1987, between the National Association of Farmers and Agricultural Circles and Organizations and the Minister of Finance concerning the reductions in the procurement prices of farm produce which resulted in depriving farmers of income parity. In the adopted agreement the government side declares that "achieving income parity between rural and urban populations will be possible following a comprehensive assessment of the incomes of private farmers in the month of May, on the basis of which it [the government] pledges itself to correspondingly adjust the procurement prices." [passage omitted]

At a conference of voivodes at the Office of the Council of Ministers on 1 May Deputy Prime Minister Ireneusz Sekula, while discussing certain aspects of the strike situation, declared that in wage-oriented conflicts "political slogans have disappeared, and the strikes or protest actions are confined to plants and factories, with the government not being a party to the negotiations. The conflict situation may be interpreted as a kind of test of nerves. Answers are being sought to the question of whether the attendant pressures make it possible to extract more money from the government and whether the economic system is hermetic. So far not a single plant or factory has received support from the government in the form of tax exemptions or subsidies for paying higher wages."

On 28 February in Lublin was held a demonstration against building nuclear power plants in Poland. It was organized, upon the consent of the local authorities, by a group of young people associated in the so-called Federation of the Greens. [passage omitted]

#### Abroad

In the Prague was held a conference of economic secretaries of the central committees of the communist and worker parties of CEMA member countries. The conference was focused on integrating the economic system of the member countries and evaluating the status of the preparedness for introducing a common market and currency convertibility of these countries. [passage omitted]

While sojourning in the United States, the Undersecretary of State at the Ministry of Foreign Economic Cooperation Janusz Kaczurba held in Washington talks with representatives of the United States Department of State, Department of Commerce, Department of the Treasury, the heads of the United States Chamber of Commerce, the Chairman of the Polish-United States Economic Council, and the heads of the International Monetary Bank and the World Bank. It ensues from

these talks that the United States, the World Bank and the IMF consider taming both the inflation and the uncontrolled and economically unjustified growth of incomes and the attendant price rises as the fundamental prerequisite for taking any effective steps to provide credit assistance to Poland.

While sojourning in Canada the Deputy Minister of Foreign Economic Cooperation [as published] Janusz Kaczurba held talks with Vice Minister J. Roy on the subject of perspectives of Polish-Canadian economic and financial relations and the conditions of various forms of cooperation as based on new legal solutions in Poland. These matters also were the subject of talks with the Cochairman of the Polish-Canadian Commission for Economic Cooperation A. McLain, and of a meeting with representatives of industry and commerce from Ottawa and Montreal. [passage omitted]

"We have no right to leave the consumer alone to cope with the market," said I. Gorbachev, Deputy Chairman of the State Commission for Prices. That was a comment on the Decree of the USSR Council of Ministers Concerning Ways of Eliminating Irregularities in Price-Forming Practice. The Decree introduces barriers to increases in the prices of goods and services.

While presenting to journalists in Washington, D.C., the "Annual Perestroika Review," which was published simultaneously in several Western countries on the initiative of Robert Maxwell, the well-known Soviet economist Abel Aganbegyan commented that trade between the Soviet Union and the United States could soon triple and within 5 years increase by a factor of 5 to 10, were Washington to grant most favored nation status to the USSR.

A spokesman for the State Statistical Administration declared that China's GNP increased by 11.4 percent. The aggregate value of industrial output in 1988 increased by 20.7 percent, and of farm output, by 3.2 percent.

The price index in China last January increased by 26 percent compared with January 1988. Compared with December 1988, this increase was barely 1 percent.

According to RENMIN RIBAO, the operating deficit at poorly managed state enterprises in China increased last year by 26.6 percent compared with 1987.

Louis Kawan, the honorary director general of the EEC Commission, believes that the Community should take a "three-p" position toward the socialist countries: "positive, pragmatique, prudente." The time has come to broaden dialogue in order to know more about the problems of perestroika and the possibilities for cooperation. If the countries of East Europe want to modernize themselves, they must introduce a "radical transparency" in their economies (statistics, information on investments, etc.). Furthermore, e.g., on the Bulgarian

market, the Western exporter should operate in the same conditions as the Polish one. COCOM should be liberalized. There are no political or technological reasons why the conventional list [of prohibited exports to the communist bloc] should be maintained. Socialist countries should be encouraged to participate in international organizations—on condition that they shall fully respect the obligations ensuing from membership in these organizations. New credit should be considered depending on the discrete case. [passage omitted]

[No 12, 19 Mar 89 p 1]

[Text]

#### In Poland

In the Belvedere was held on 13 March a session of the Council of State which considered aspects of the proposal for establishing the office of the President and convening the Senate as well as the attendant need to amend the Constitution. In addition proposals concerning the electoral laws and elections to the Sejm and the Senate were discussed and four new ambassadors were appointed. [passage omitted]

On 11 March in the Congress Auditorium of the Palace of Culture and Science was held a meeting of members of the Executive Board of the Warsaw Voivodship PZPR Committee and the first secretaries of basic party organizations in the capital city and voivodship. The discussion concerned, among other things, forms of the party's action in the presence of political pluralism, and the party's proreform role and its place at the roundtable. The meeting was attended by First Central Committee Secretary and Chairman of the Council of State Wojciech Jaruzelski and Central Committee Secretary Marian Orzechowski.

On 10-11 March was held in Katowice a working session of the Presidium of the National Council of the Society for Promoting Economic Initiatives and representatives of the voivodship councils of that organization. The attendees familiarized themselves with working conditions at Wieczorek and Staszic mines. [passage omitted]

On the initiative of the mayor of Cieszyn a joint-stock company with limited responsibility called "Duty-Free Zone in Cieszyn" began to be organized.

The founding capital, amounting to 3 million zlotys, derives from 150 shareholders paying 20,000 zlotys each. The biggest shareholders are the Cieszyn City Hall and the Bielsk-Biala and Slupsk voivodship offices. Other shareholders include many enterprises. [passage omitted]

On Wednesday 8 March met the Consultative Economic Council. The chief topic of the discussion was the strong inflationary perils occurring in our economy. The Council took a position on this matter (published elsewhere in this issue). [passage omitted]

On Thursday 9 March in Holowczyce (Biala Podlaska Voivodship) a gas compression station was put into operation. This is an important element of the Kobryn-Brest-Warsaw Gas Pipeline, which was started up in 1985. It will serve in the not distant future to pump 5 billion cubic feet of natural gas annually to Poland.

#### Abroad

[passage omitted] A delegation of the Ministry of Agriculture, Forestry, and Food Industry headed by Deputy Minister Andrzej Malinowski has returned from a visit of several days to Israel. The delegation included representatives of agricultural and food industry enterprises, foreign trade enterprises, and research institutes. In the field of agriculture the possibilities for cooperation in selected domains of crop and livestock production were agreed upon. Toward the end of his visit A. Malinowski was received by Prime Minister Icchak Shamir.

The Soviet Union began to sign with the governments of Western countries agreements safeguarding foreign investments on USSR territory. International agreements have already been signed with Finland and Belgium. They will take effect as soon as this coming summer. Talks about a similar agreement with Great Britain have also been concluded. Negotiations with other European countries continue. [passage omitted]

According to RENMIN RIBAO coal supply in China is lagging behind the demand, and the coal shortage may grow even greater unless proper steps are taken in time. For the current 5-year plan period, i.e., until 1990, this shortage will reach nearly 70 million tons. Coal extraction in 1990 is anticipated at 1 billion metric tons. By the year 2000, when the aggregate value of China's industrial and farm output will increase by 6 percent [as published], the demand for coal will be at least 1.47 billion metric tons.

When asked by a NEPSZABADSAG reporter whether Hungary must choose between CEMA and EEC, Deputy Prime Minister Peter Medgyessy declared that the Hungarian economy crucially needs a change in orientation. The undoubted fact is that its potential within the specific framework of CEMA has been exhausted and it needs a complete renewal. The change in that economy's ways of cooperating with CEMA is at present dictated not by caprice but by necessity. Hungary needs a mechanism that would be governed by the laws binding on the world market. As consultations showed, the USSR is not rejecting such views.

In his comments to the weekly FIGYELOE the Hungarian Minister of Industry Frigyes Berecz declared that last year subsidies for industrial plants were almost entirely eliminated. In 1987 industry paid to the state budget about 200 billion forints, of which it had received back 40 billion in the form of subsidies. Last year the subsidies amounted to only 26 billion, and this year they will be practically nil. [passage omitted]

**Labor Inspection Director on Factory Accidents,  
Improving Conditions**

26000449 Warsaw *PRAWO I ZYCIE* in Polish  
No 14, 8 Apr 89 p 3

[Interview with Wieslaw Koziel, director, Legal Inspection Unit of the Main Labor Inspectorate, by Joanna Konieczna: "Seventy Years Without Inferiority Complexes"; date and place not given]

[Text]

[PRAWO I ZYCIE] Seventy years have passed since the formation of the Labor Inspectorate, which was set up, generally speaking, to protect the health of the workers. And yet we still have a situation in which more people are leaving the workplace by reason of disability than by retirement. How then, can someone working in this institution feel good about it?

[Koziel] One cannot be satisfied with working conditions because they are never so good that they could not be better. The larger the number of comprehensive inspections made, directed at the greatest dangers, the more violations of rules are detected.

[PRAWO I ZYCIE] But the information given by the Polish Press Institute each year about the decline in the accident rate and the improvement in working conditions would seem to say—that is my impression—that we are satisfied with ourselves. After all, all we have to do is compare one year with another, month with month, and quarter with quarter, to obtain figures better than those obtained previously.

[Koziel] Figures can always be interpreted in different ways. We have seen this many times. At one time, the mining industry, at the appeal of the management, reduced the number of accidents by over 20 percent.

[PRAWO I ZYCIE] What happened then was they stopped calling accidents accidents...

[Koziel] This dishonesty does not just apply to recent years. It was always so: a little more, a little less. For example, if we compare last year's accidents to those of a few or several years ago, you will see that the degree of accuracy is more or less approximate and we can say whether the number of accidents is larger or smaller.

[PRAWO I ZYCIE] I do not agree with that. Since 1985 the Main Office of Statistics has been recording accidents not in relation to the total employment in the national economy (12 million), but in relation to the number employed in the area of production (6 million) in socialized plants. What do you have to say about that?

[Koziel] We compare data covering the same economic areas, taking into account the number of employed persons. I would consider any other procedure to be extremely immoral. Different countries treat this problem in statistics differently. In our country we do not record minor injuries which are not disabling. And such accidents, in every workplace, are the most frequent.

[PRAWO I ZYCIE] In the studies conducted in Nowa Huta it was found that only one in ten minor accidents are recorded. What about the rest?

[Koziel] The reason for striving to improve statistics is as follows: For years it has been assumed that working conditions determine the number of accidents and occupational diseases. The fact that both are dropping shows that working conditions are improving. Defensive behavior is something natural and if everyone wants...

[PRAWO I ZYCIE] ...the number of accidents to drop then they will. At least in the statistics.

[Koziel] Yet it appears that this number is simply not proportional to the state of the working conditions. If there are twice as many accidents in the GDR in work in general, does this mean that working conditions are twice as bad?

[PRAWO I ZYCIE] No, I think that the statistics are not reliable. And now on the consequences of the accidents: The regulations on compensation for on-the-job accidents are formulated in such a way that they are paid at the application of the injured person.

[Koziel] Yes, if no application is submitted, if the employee does not know that he can submit one, if he is afraid that in demanding compensation he will worsen his relations at work—he does not receive compensation. I believe that the plant should pay compensation automatically, just as it pays an anniversary prize. We should stop treating this problem with so much formality. Especially since the administrative procedures code clearly requires that employees be informed about their entitlements. For years we have been asking that the law on monetary benefits due as a result of on-the-job accidents be changed.

[PRAWO I ZYCIE] Thus far the amount of these benefits has been successively changed. Recently from 250,000 zlotys to 1 million. When a group accident occurs, the families sometimes receive even more.

[Koziel] We want the law to make it possible to individualize the damages suffered by the employee. For example, if a young woman is disfigured she suffers not only a 10 percent loss of health, but her entire future life is affected. In Poland, as distinct from many other countries, she gets nothing for this. Nor does she have recourse in court, because that is not available to her.

[PRAWO I ZYCIE] Returning to accidents: The observers of the proceedings of those guilty of neglect of safety and hygiene, catastrophes, etc., often say that not enough people are charged.

[Koziel] A penal proceeding requires an individualized approach. Many factors come into play here. The reason for the catastrophe may be the design of the equipment or the conditions under which it is used. The culprit may be the designer, builder, mechanic, immediate superior, the person who serviced the equipment, and even the victim of the accident.

[PRAWO I ZYCIE] Precisely, it is usually the victim.

[Koziel] But is this true? He says that he could have refused but he did not refuse because that is the way it has been done in his plant for many years. He will argue that everyone does it that way.

[PRAWO I ZYCIE] Every year the labor inspectorate uses the increasing number of detected defects in calculating benefits to the injured or their families as a reason for dismissal. On an average, one in four of the injured are cheated to a varying degree. I wonder whether we should call this one of the achievements of the inspection unit, or precisely the opposite, we should attribute it to its helplessness. This is not caused by ill will but by the complicated regulations. For example, in the case of fatal accidents, there are as many as 12 entitlements to benefits. Would it not be better to stop playing cops and robbers (because what about the plants that are not inspected?) and try to get the legal regulations changed? This problem has been reported for several years, and with what result?

[Koziel] The fact that not all of the injured received the benefits due them—as we have found in the inspections—is neither proof that we have been successful nor does it indicate that we are helpless. We are satisfied that everywhere that we were present we corrected a wrong, but we will be happy when we find that there are no violations of the law. I share your view that the regulations should be clear and understandable to both the plant staff and the employees.

Nor would I like to see us continually concentrate on the number of accidents. Although really, when we talk about working conditions everyone asks: How many accidents are there and how many occupational diseases. No one wants to know how many more machines there are with better safeguards, or how many work stations are better organized. In any case, no statistics on this are

kept. When you ask about working conditions in a plant, the reply will rarely pertain to accidents or illnesses. More often the talk will be about noise, extreme dampness, dust, bad lighting, etc. And for me what is most important is the number of people working under conditions where the permissible concentrations of toxic substances are exceeded, or the intensity of noise and vibration. There are over 1.4 million of them. Their health is suffering every day, although we do not necessarily find that they have occupational diseases. For the most part these people go on pensions due to their overall state of health.

[PRAWO I ZYCIE] And what, let us ask cynically, do they have out of this except supplements for work in harmful conditions? Work in dust, noise, conditions sometimes reminiscent of 19th-century textile mills, is common. What do the work inspectors have to say about that? Would it not be useful to make a spectacular clamor similar to that produced years ago in the Siechnica steelworks?

[Koziel] The local authorities decided long ago to liquidate that steelworks. Still earlier the labor inspector recommended that the people employed there be transferred to other work. The district inspector, i.e., the next higher echelon, upheld this decision, but the general director of the erstwhile ministry instructed the director, in writing, not to halt the work of the steelworks. It was the same with the Aluminum Works in Skawina. At that time the union labor inspection unit frequently issued orders to liquidate particular departments in the plant.

[PRAWO I ZYCIE] But when it was finally liquidated, it had nothing to do with the attempts of the inspections unit. Hence the conclusion that the inspectors have very little ability to enforce their recommendations.

[Koziel] I believe that our actions, too, had something to do with the decision to liquidate the works. In the case of large production plants which have an effect on the national economy, many arguments, sometimes not mutually exclusive, must be taken into account, and in this case decisions are difficult.

[PRAWO I ZYCIE] And so, with full understanding, we absolve and forgive, we make a Pontius Pilate hand-washing gesture, and yield to more compelling reasons. For 30 years, for example, employment of women in the presence of mercury has been forbidden. Yet they continue to work in the Rosa Luxemburg Works in Warsaw. The labor inspector has already issued seven banning orders with no result. The question then is, why? Was not the first one enough? Is not all of this just a sham?

[Koziel] We make decisions where conditions are the worst. The decisions of inspectors at the district level are seldom overruled. Sometimes, only the deadline by which the plant is to make an improvement, is changed. After all, we have to be realistic. But we always tell the inspectors that they should be one step ahead of the

plant's capabilities because usually more can be done. In order to reduce the dust or noise, often the design must be changed and sometimes the entire technology. But it does not take a great deal of effort to safeguard the machinery, stack the materials, and make passageways.

On the other hand, the work in small sections, departments or on a particular job is stopped for a few hours or a few days because a machine has not been safeguarded. Then the people who are responsible quickly correct what they are able to, because, after all, we do not demand the impossible.

Many things are not done in a plant not because they cannot be done but because they escape the notice of the people responsible. For example, a worker is not interested in using protective equipment, e.g., a hard hat or safety goggles, because he finds them to be a nuisance.

[PRAWO I ZYCIE] But he receives a supplement for work detrimental to health. Is it not paradoxical that because of this he is interested in preserving bad conditions?

[Koziel] For years, we have been requesting the Council of State not to pay a supplement for work detrimental to health, but for wearing protective gear under bad conditions. Everyone agrees that this is right but at this time it would be difficult to withdraw this supplement because it is so universal. We have to wait for a general regulation of wages.

[PRAWO I ZYCIE] And are you not afraid that it will then turn out that all of this is a sham because there is not enough protective gear? Because not only is it of poor quality, there simply is not enough of it.

[Koziel] The inspecting organ cannot worry about that, although he can indicate which needs are most critical and even stimulate production.

[PRAWO I ZYCIE] I get the impression that there is no strategic, long-range planning in this area. The reasons for accidents keep repeating themselves and the problems which recur escape a point-by-point examination.

[Koziel] Not entirely. As the Main Labor Inspectorate we stimulate specific technological solutions. For example, the Textile Machinery Factory produces machines none of which exceeds the permissible noise level. But when several dozen such machines are installed on the factory floor, the noise is tremendous. Or sawing machines. The lowest vibration is produced by a sawing machine which has been used for 2 years. A new one, therefore, from the standpoint of health protection, is worse. And we must draw conclusions from these determinations.

[PRAWO I ZYCIE] Where, then, do you see the possibility of changes?

[Koziel] In a different attitude towards the problem, i.e., in asking ourselves whether machines are produced correctly, are they equipped with safeguards, are the working tools good. Furthermore, we have become accustomed to making our work easier. We are not working as we should, but as is convenient for us. To not work as hard and do it faster. It must pay to observe desirable habits in the economic area, also. The quality of the produced goods depends on this.

[PRAWO I ZYCIE] And we come back to where we started. To the question, please forgive its brusqueness, about the sense of this activity. Halina Krahelska, the well-known social activist, who late in the 1920's organized a women's labor department (a prize was established recently in her name for all those who have achieved distinction in the protection of labor) wrote in her memoirs:

"(...) All inspections have one common feature: Negligible results, or no results, despite the sometimes very great efforts." Because of her disappointment with the effects of her work, she herself withdrew from this activity. Do you not believe that today too, many excellent people, of which there are many among the labor inspectors, could say the same thing to themselves, even though almost 60 years have passed since these words were written?

[Koziel] Inspectors are also leaving our institution, but I do not know a case in which the reason for leaving was the inability to exert an influence on compliance with the law on labor protection or on improvement in working conditions. I am convinced that if you were to ask the inspectors themselves, they would certainly speak about their satisfaction with a concrete improvement in working conditions, with the settlement of people's matters, and at the same time, with their enormous effort which does not always bring the desired results and understanding.

[PRAWO I ZYCIE] Thank you for the interview.

## YUGOSLAVIA

### Slovene Weekly Views Markovic Economic Program

28000079 Ljubljana TELEX in Slovene  
9 Feb 89 pp 28-30

[Article by Drago Buvac: "Is Markovic Leading Us to Capitalism?"]

[Text] It was observed in political corridors that Stipe Suvar was boasting that at the key session of the SFRY Presidency, when they were voting on the future premier-designate of the Yugoslav Government, he himself had also voted for Ante Markovic. The election was at any rate a surprise to Markovic's supporters, although, to tell the truth, it was decided by other circumstances, regardless of the vote of the head of the Yugoslav party (but of course, not without the influence of all those

"things that happened" within the LCY itself). Let us leave aside the reason why Suvar cared so much about also having it publicly known that he had voted for Markovic—we know that Suvar's concepts of a way out of the crisis, not only in his native republic of Croatia but also throughout the broader territory of Yugoslavia, were quite the opposite—nevertheless, that example by itself, if the corridors do not lie, also indicates the future conduct of the party and the state toward Markovic.

Naturally, it is not our intention, at this uncertain time of political and petty-politicking polarizations, when principles are no longer important, but only other types of divisions, to drive a wedge between the two leaders from Croatia. If we rise above the already dirty soil of everyday politics, we will also be able to see deeper ideological differences in this example. Up until the recent metamorphoses, Suvar was a rather orthodox communist, fettered—in these circumstances of ours—by the contractual economy and the orthodox ideology of the traditional working class (to him calculators were a bourgeois fiction, and "Ilija's troop" was the arbiter for cultural workers and their deviations), and in his own way he was an adherent of "associated labor" and an opponent of the market (he said that the historical task of that stage of our revolution was "surmounting the market"). We are not pulling those theses out of ideological mothballs because of old accounts or because of the present settling of accounts, which is dangerous here, but, of course, merely to be able to support a different thesis: now even such a person has voted for Markovic. The leaders of the Party—deliberately written with a capital letter here—also, therefore, do not have any other way out but to grasp at a saving straw in people who are market-oriented. Whenever things have gone badly economically for it, as has also been the historical experience of the world of "real socialism," the Party here has sought a solution in the market and in its hitherto persecuted managers. (We do not mean by this that Markovic has been persecuted; on the contrary, he has had good prior experiences, but in similar circumstances and in other surroundings similar people have had to pay with their heads, for example, Bukharin or Voznesenski in the Stalinist purges, or else they have been exiled, such as, for example, Ota Sika after the Prague Spring).

Although at this very moment—we must emphasize this again—insistence upon such a parallel between Suvar and Markovic is not politically advisable, it is nevertheless very useful. Recall the inaugural speech by the Yugoslav Government's premier-designate before the heads of the federal Socialist Alliance of Working People [SAWP]. Along with the personal self-confidence of a man who knows what he wants, and also perhaps because of a certain media charm, Markovic attracted the attention of the domestic and world public in particular with the logic of a new concept of socialism. The vocabulary of that concept also included such neologisms as: market, managers, shares, independent banking, enrichment of the most capable enterprises, incentives and motivation, and opening up to the world. If you

also add to that the interpretations by Western news agencies and journals, it has been shown that even the head of "communist Yugoslavia" is now a liberal and manager in the best sense of the Western terminology and perhaps of their desires, open to the world market and capital, or in any case to Western capital. (After all, the East does not even have a market, much less capital.) Even a few years ago, and even in his own milieu (although it was known that he was also advocating that vision of the way out then), Markovic would have been crucified for all of these bitter or sweet words in the ideological witchhunts by our dogmatic thought, which Stipe Suvar also had a hand in—let us not dissemble. Now Markovic is appearing with this or that vision as a "savior," and regardless of all our interrepublic, etc., divisions, no one will accuse him of ideological unorthodoxy or betrayal of the "sacred principles" of dogmatic Marxism.

Of course, it would not be good to idealize things. That neoliberalist vocabulary of the future premier also did not remain unmentioned in the highest forum of the Yugoslav "popular front." Two of its members noted Markovic's ideological pitfalls, and attacked him a little on the grounds of the ideological purity of socialism and self-management. An experienced businessman, however—do not underestimate him—and also a political fox, he deftly extricated himself from that ambush; he added the attributes of good socialism (if it is a question of good socialism, then it cannot be anything at this time other than self-managing socialism) and asserted his loyalty to the socialist idea. If you want to be honest, you should not doubt that either, for Markovic, in spite of all his managerial and market deviations, has nevertheless remained a person with a socialist and Yugoslav orientation. It is not his fault that different concepts of socialism exist and that his is associated with the wealthy one. It is another matter if for that reason someone accuses him of leading the state, or rather its economy, to capitalism.

This is by no means an artificial dilemma, and the stretching out of the preparations for the beginning of his government has probably been governed by an ideological criterion. The following should be stated plainly: Markovic's program is leading to a profound change in the existing model of socialism, even in our self-management circumstances, and also to no less profound upheavals. We must therefore understand, both for his sake and for our own, that a great upheaval is before us and that for that reason, if problems "happen" to us at some time, we should not accuse the premier of leading us to capitalism.

Thus, from this introductory but also long and—like all of our ideological ponderings—lofty Parnassus, let us descend to the prosaic everyday ground, the one by which and on which we live, in order to form a complete picture, from what we already know and from what was written in the press at the time of Markovic's "euphoric enthronement, of what the Yugoslav economy will look

like when the premier takes over the helm of government, if there are no surprises. That is actually all that interests ordinary mortals, to tell the truth. It is precisely that "little man" who has also always been merely "homo oeconomicus" throughout all of history, and even in the most dismal so-called socialism, fortunately for himself and for that history.

What interests all mortals, therefore, is actually a prediction of what will happen when the new, market-oriented premier takes over the government—will things be better for us or worse? Scenarios and forecasts of this type are admittedly too pretentious, but are nevertheless permitted. What, then, can we expect from the beginning of March? Or better yet—what would we like to see?

First of all, Markovic is forming his government, in contrast to the sterile ideological witchhunts of the 1970's, from among the technomanagers. The federal assembly will not oppose it, nor will it be able to offer him anything better, since the new premier-designate will certainly have thought about satisfying in some way the republic and provincial (if the latter even still exists) rotation. It is only from the viewpoint of professional economists that he could be reproached for anything, although, ultimately, who among us thinks about science?—although I personally think that the premier has this in mind; if he does not, then very soon he will be faced with a dilemma between the demands of business circles for a revival of production as quickly as possible, and the doubt of the economic profession as to whether it is possible to do that without curbing inflation.

In the second place, what should the new government's first steps be? Before we answer that question, let us note that Markovic's starting philosophy is good. Instead of thinking about whether the chicken or the egg came first, he is proceeding from the standpoint that the system is not Voltaire's "best of all possible worlds," but rather that as it is, it provides possibilities for doing something within its framework. Markovic will change it gradually, but as a pragmatic person, he will also reconcile himself to the fact that it is already possible to do a great deal within the framework of the current constitutional changes, in whose creation he was also involved, among others, in seclusion from ideological clashes. There is no time to wait, especially under the circumstances of a general collapse of the party and government structure. His role is consequently growing for that reason.

In the third place, the first steps in that market-based though liberalistic platform to which Markovic has also publicly committed himself, should be deregulation, as he emphasizes himself. If he adheres to the meaning of that word, in the best sense of neoliberal thought, which itself was not so bad for the revival of capitalism, Markovic will first of all have to abolish many of our regulations. The first in line, although it is slippery ground, will have to be the law on associated labor, which contradicts the new constitutional amendments and the new laws on the enterprise, banks, and foreign investments. (Mikulic had a

socialist and personal weakness with respect to the law on associated labor, and never dared to poke at that wasps' nest, although he himself, after growing up with real economics, recognized that it was inevitable.) Once he decides on that step, Markovic will have an opportunity to realize some of his principles: first of all, the principle that in economics everything that is not prohibited is permitted. That means that this state permits economic activity, entrepreneurship, and, if you will, also enrichment according to all the civilized rules of a "society of laws," and not a "society of agreements," and moreover as compensation for all factors in production: labor, capital, and entrepreneurship, both domestic and foreign.

In the fourth place, if we take this slightly theoretical scheme to everyday life in this climate, it means a tumultuous development of small and also private business, spontaneously developing on a national scale, such as trade, agriculture, small-scale industry, or tourism and everything related to it, with all the forms of private and mixed ownership and enterprise.

In the fifth place, nevertheless, in order to open up maneuvering room for such enterprise and the capital that must necessarily accompany it, Markovic's government, among its first steps, should quite simply establish a national exchange and then regional exchanges for securities, including bonds and stocks. That would be the only practical step against all our ideological dithering over capital: whether we need it or not, whether it is socialist or not, and whether it is a question of enrichment or not. Just decree the establishment of a securities market, and there you have it! In them, the state can sell both its own bonds and its debts (covered with guarantees on future taxes), and enterprises can sell their shares, in order to expand their operations, or to recover from their losses. Whoever wants to can become involved in this game, but in doing so he must be aware that he can not only gain a tremendous amount, but also lose everything. Both banks and other financial institutions would appear in that capital market, as well as enterprises in the socialized sector, because of their interest in the horizontal and vertical division of labor. There would also be private individuals who have money and capital, saved at home or earned as guest workers abroad. Part of the inefficient economic structure would thus be reprivatized. There is no help for it!

Another part would be taken over by the workers in the socialized sector themselves, in the form of their own shares (just as they are beginning to do in the most developed capitalist countries as well). In some cases foreign capital would step in as well. We would thus actually gain a market for foreign and domestic capital, with all the risks and social injustices, not only for workers but also for those who become involved in such enterprises with their own money. Instead of ideologically tormenting ourselves with capital as a factor of production, in deciding on its price and circulation, we would gain a real market, with all the risks that it brings. Only in that case, the large gains, and also losses, would not fall to the account of "social capital," i.e., of society as a whole, but rather true owners of the capital.

In the sixth place, in order to attract the working class and every individual to that process of risk capital, the new government's economic mechanism should proceed consistently from the standpoint that not one enterprise, and especially not the least profitable ones, can be insured any longer, and jobs in them least of all. That means that in the event that enterprises can no longer earn their wages in the market, they are closed; and on the other hand, it naturally also means the possibility that others, with better managerial capabilities, may take them for their own and give higher earnings to those of the workers who are capable of participating in the new organization, discipline, and productivity of labor.

Nothing else will be left for the others except to retrain themselves and relocate to new centers of economic revival. In that sense Markovic, as can be seen, has presented the interesting idea of incentives and motivation for workers, their compensation in accordance with the success of the enterprise, and the elimination of leveling, although at the cost of greater differentiations among social strata, with social policy being shifted from the enterprises to the state and other self-managing and social institutions.

We could designate Markovic's attitude toward the world as the "seventh seal" in his vision. This is no longer a question of asserting for propaganda purposes how much the future premier has been an advocate of opening up to the world in the past, and especially to its Western part, even at the cost of ideological accusations over participation in Alpe-Adria. To Markovic, this is a *sine qua non* for the transformation of the domestic economy. Above all, this involves exposing it to foreign competition, and not only through a realistic exchange rate for the dinar and a foreign exchange market, but also through a reduction in tariffs, and thus lower domestic expenses. One more strategic dimension should be noted in his vision of opening up to the world. As one can see, there is no doubt at all that Markovic is an advocate of "Yugoslavism" and a unified Yugoslav market; his vision of both the former and the latter, however, is neither dogmatic nor vulgarly centralistic. In his opinion, it is not possible to establish a unified market on the basis of our fragmented fiefs by governmental or well-intentioned ideological decrees; instead, through the process of the free movement of goods, capital, and the labor force, the state must watch over and protect the legitimacy of such migrations.

That is one side; the other means opening up to the world market—primarily with the European integrated communities and their competition, which will also force us through economic pressure toward market-oriented behavior and participation in the world on that basis. Markovic, thus, is not suffering from illusions that it is necessary first of all to form some sort of unified Yugoslav market, so that then, unified in that way, we could conquer the world and neighboring Europe. We will be forced into a unified Yugoslav market by Europe.

From Markovic's first positions on the way out of the crisis that were presented to the public, his vision could be categorized in different ways. As usual, something for everyone could be found in it. We could not object to the fact that it is extremely market-oriented, and even, as required by the tradition of contemporary trends and the pro-Western practice of economic behavior, with a quite clear liberalist orientation in all of its elements: from the market to managerism, all the way up to participation in the modern rhythm of the scientific and technological revolution without regard to ideological characteristics.

It is thus not a matter of the scholastic question of whether Markovic is leading us to capitalism. At one time this question was also heretical for this public; now, when the public has been exhausted by all of the real-socialist illusions, it can also be attractive to the broadest possible public. This is least of all because it hopes that "Markovic's capitalism" could offer it somewhat more economic freedom, motivation, and enterprise, although at the cost of temporary difficulties, unemployment (there is more unemployment in our country than in some of the most definitely market-oriented economies), and even social assistance to people to get through the difficulties. If all of that brought a more efficient system—and let us call it self-managing and socialist, as you wish—that sacrifice would pay for itself. We do not have any up-to-date surveys of public opinion; our impression, however, is probably not false—that the acceptability of Markovic's first program has met with broad support from people who are disappointed by the long-standing crisis and the hopelessness of such socialism.

All of this also conceals the splendor and calamity of Markovic's program, which is still a general one: splendor because it finally at least offers new horizons and possibilities for getting out of the crisis, and calamity, because there are illusions that this can be achieved simply and without difficulties. When it becomes possible to perceive the transitional difficulties of such a program, maneuvering room will be opened up for political manipulations. That is actually the weakest point of Markovic's vision of emergence from the crisis. To the extent that—without going into technical details—it follows the line of contemporary market trends, under our conditions it can still be proclaimed a return to capitalism.

Our political factions are still burdened with the antimarket, traditionalist, and egalitarian syndromes of tribal societies. They do not see that a real market is a cohesive element for that Yugoslav community. As long as they do not recognize this—they will have to, because they cannot offer anything else for that Yugoslavism—they may either support or wreck Markovic's program in order to achieve their own political goals. Consequently, the main task of the future premier and his team will be to separate themselves from that tribal and real-socialist party structure—leaving it to clear up its ideological disputes—and to devote themselves to the economy, in the best tradition of an efficient state and democratic parliamentarism.

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